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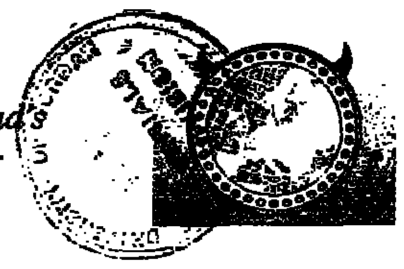


FINANCIAL TIMES

Europe's Business Newspaper | WEEKEND JULY 9/JULY 10 1994 | D8523A

UK acts to counter Germany's call for beef import ban

The British government is discussing a relaxation in current restrictions on the beef cattle trade which were introduced four years ago in response to the epidemic of bovine spongiform encephalitis or mad cow disease. The move came as Germany's 16 federal states voted in favour of an immediate, unilateral six-month ban on selective imports of British beef. The UK would need the approval of Brussels for any lifting of export restrictions on live cattle. Page 24; Bundesrat logjam broken for holidays, Page 2

CrossRail project relaunched: The government revived the £2bn ($3bn) CrossRail project, using a complex procedure which means the east-west railway through London could take at least 10 years to complete. Page 24

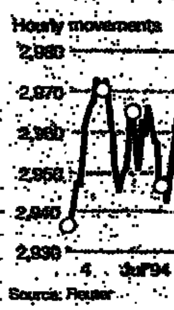
Outcry over Rosyth closure plan: Baroness Thatcher, the former UK prime minister, cautioned against further cuts in Britain's armed forces as unions joined MPs of all parties in pledging to fight moves to close the Rosyth naval base in Scotland. Page 24

US expert to probe Blackpool crash: An American electronics expert is due in Blackpool, northern England, to investigate why two computerised safety features on the world's highest rollercoaster apparently failed on Thursday. Page 6; Go-ahead for £30m Belfast complex, Page 7

3i, the UK venture capital group, will be able to provide shares to 98 per cent of applicants. The £178m ($270m) public offering was only just oversubscribed. Page 10

Metallgesellschaft, the heavily indebted German metals, mining and industrial group, is to provide DM1bn ($600m) to cover losses arising from its engagement with Castle Energy Corporation, a small North American oil refining company. Page 11; Lex, Page 24

Footsie knocked by US jobless figures:



The FT-SE 100 Index ended 2 points off at 2,962.4 after US employment news drove it down 12 points. The market rallied when Wall Street came in higher. Over the week, the Footsie gained 26 points in fairly thin turnover as investors became more confident that the Group of Seven leading industrial nations meeting which closes tomorrow would not bring any aggressive action on global interest rates. London stocks, Page 15; Improved employment statistics, Page 4; World stocks, Page 21

AT&T to get UK licence: Competition in the UK telecommunications market is set to intensify following an announcement by Michael Heseltine, UK trade and industry secretary, that he intends to grant a telecoms licence to AT&T, the largest US operator. Page 7

Israel clamps down on Hebron: The Israeli army clamped a curfew on Hebron after violence between Jewish settlers and the town's 100,000 Palestinians threatened to escalate. Page 3

Japanese LDP chiefs offer to quit: Two members of Japan's Liberal Democratic party offered to resign their senior party posts in a move expected to accelerate the realignment of Japan's fractured political system. Page 3

Çiller calls for debate on Kurdish: Turkey's prime minister, Tansu Çiller, called for public debate on the the use of the Kurdish language in schools and on television. Page 2

Guidelines to avert double tax: Leading industrialised countries have agreed in principle on draft guidelines to discourage double taxation of multinational companies and avert international conflicts between tax authorities. Page 4

UK trade deficit falls sharply: The UK's visible trade deficit declined sharply to £803m ($1.2bn) in April from £1.21bn in March. Page 7

First Japanese woman in space: Tokyo heart surgeon Chiaki Mukai became the first Japanese woman in space as part of the crew of the space shuttle Columbia, which blasted off yesterday on a two-week mission.

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Heseltine at centre of row over Archer inquiry

By James Blitz and David Wighton

Mr Michael Heseltine, Britain's trade and industry secretary, was at the centre of a political controversy yesterday after his department's revelation that Lord Archer, the Tory peer and best-selling novelist, was under investigation for alleged insider dealing.

Amid signs that the DTI's unprecedented disclosure had severely damaged Lord Archer's chances of securing a post in Mr John Major's forthcoming ministerial reshuffle, it emerged that Mr Heseltine had acted to avoid charges of a political cover-up.

But there were suggestions at Westminster that the publication of an investigation of insider dealing surrounding an agreed bid by MAI, the entertainment and financial group, for Anglia Television this year, had been a deliberate attempt to undermine Lord Archer's political future. Lord Archer's wife, Mary, is a non-executive director at Anglia.

Senior Tory and Labour figures expressed astonishment that the DTI had broken its long-standing rule of never naming any individual who is under investigation.

It is thought that the investigation centres on one large share purchase that resulted in a substantial profit when MAI announced its agreed takeover of Anglia on January 18.

Lord Archer has denied buying shares in Anglia ahead of the bid, and yesterday the company confirmed that he had not held shares in his own name or through a nominee account for at least three years.

But the passing on of inside information can be an offence even if the individual does not buy shares themselves or even profit from the trade.

For someone knowingly in possession of inside information, it is insider dealing to encourage someone else to trade the shares, having reasonable cause to believe the dealing would take place.

Lord Archer has stated that the allegations that have been made are "completely untrue." He is going ahead with a planned book signing session at Harrods today.

DTI sources said last night that Mr Heseltine informed the prime minister that he would make reference to Lord Archer before issuing the statement on Thursday night.

Mr Heseltine's decision followed a statement to the press by Anglia that a DTI investigation into the share deal was under way. Anglia said yesterday that it did not name Lord Archer in its press statement on Thursday. However, DTI officials emphasised that there was a clear indication in Anglia's statement that "there was a specific investigation looking into a specific alleged transaction".

Mr John Watts, Tory chairman of the backbench Treasury and Civil Service committee, called on the DTI to issue "a full and clear explanation" of its decision to disclose Lord Archer's identity. "If they do not, it is something I would want to pursue in the House of Commons. There needs to be a full explanation of how and why this has happened."

DTI under fire, Page 7
Takeover Panel annual report, Page 10
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Clinton rules out summit pact on support for dollar

By Peter Norman and George Graham in Naples

Murayama calls for policies to pursue stable exchange rates

President Bill Clinton effectively ruled out the possibility yesterday that any significant agreement to support the dollar would emerge from this weekend's summit meeting of the Group of Seven leading industrial nations in Naples.

Speaking after his first meeting with the new Japanese prime minister, Mr Tomiichi Murayama, Mr Clinton said it would be a mistake for the G7 nations to change the direction of their macroeconomic policy in an effort to halt the fall of the dollar.

"We want the dollar to be properly valued, not undervalued," Mr Clinton said. "But I think on the other hand it would be a mistake for us to change the fundamental objective that we all ought to have: the one we agreed to at the G7 last year, which is to pursue global growth."

Mr Clinton's observations unnerved foreign exchange markets, and the dollar fell to its lowest level since April 1993 against the D-Mark. Traders interpreted his comments as showing he was unconcerned about the level of the dollar, and "soft" on inflation.

Meanwhile, the publication of stronger-than-expected US employment figures put pressure on the Federal Reserve to raise short-term interest rates. Unemployment held steady at 6.0 per cent in June, against expectations that it would rise to 6.2 per cent.

The Clinton-Murayama meeting was one of a series of bilateral talks among leaders before the formal G7 summit, which began last night with a dinner at the 11th-century Castel dell'Ovo in Naples.

Heads of government of the US, Japan, Germany, France, Britain, Italy and Canada, with the president of the European Commission, will confer today on how to reduce the 35m unemployed in the industrialised world and debate plans to make former Soviet nuclear power stations safer.

Tomorrow, they will be joined by President Boris Yeltsin of Russia for discussions on international issues, including Bosnia, North Korea and Rwanda.

Yesterday's Clinton-Murayama meeting dispelled some of the fears harboured by the American administration about the policies and stability of the new Japanese socialist-led coalition, and about Mr Murayama's own political leanings.

But the good atmosphere generated at the meeting could not disguise the fundamental difference between the US and Japan over the dollar, which, after closing in London at DM1.5741 and Y98.575, fell over a pfennig in New York to trade at DM1.5610. Against the yen it was trading at Y97.88.

Commenting on the recent turbulence in foreign exchange markets, Mr Murayama said that countries around the world, "and especially Japan and the US, should make policy that is conducive to more stable exchange rates in co-operation with each other".

He said the two countries had "a common understanding" on that, and hoped that "those responsible for the matter will talk to each other and work at it properly". Mr Clinton said the relationship of the yen to the dollar was "obviously a function of the movement of world currency markets".

He said: "If we continue to pursue growth without inflation and to work on generating new jobs out of that growth, then eventually the macroeconomic realities will assert themselves, and the currencies will be righted according to market conditions." It was "important not to overreact".

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President Clinton, flanked by secret service agents, greets Neapolitans during a lunchtime break from official G7 duties Reuter

Two-tier exchange system is 'wrong' for S Africa

By Mark Suzman and Michael Holman in Johannesburg

South Africa's cumbersome two-tier exchange rate system was "fundamentally wrong" and its abolition only a matter of time, Mr Chris Liebenberg, the country's finance minister-designate, said yesterday.

However, any decision to abolish the two-tier system had to be "taken against a background of sound, sustainable government", said Mr Liebenberg, and would depend on the country's level of reserves and international confidence.

He acknowledged his appointment this week as replacement to Mr Derek Keys could have been better handled but insisted he had received a personal reassurance from President Nelson Mandela that the government had a commitment to fiscal discipline.

Mr Liebenberg, 60, was appointed on Tuesday, hours after Mr Keys shocked financial markets with his unexpected announcement that he planned to step down later this year for personal reasons.

In an interview, Mr Liebenberg, formerly head of banking group Nedcor, said he fully supported the reconstruction and development programme, the centrepiece of government economic policy.

The programme's success was

Continued on Page 24

OFT names insurers offering zero first year surrender value

By Alison Smith

UK investors get no money back from more than a dozen life insurers if they stop £100-a-month, 10-year savings plans after only one year, according to unpublished figures collected by the Office of Fair Trading.

Last month, the OFT published a report on the values returned by life offices to customers surrendering long-term policies early, and published figures for surrender values where a customer was paying £50 a month in premiums.

The latest figures, which cover cases in which a customer could have paid £1,200 and yet be entitled to nothing if the policy is cancelled after one year, underline the reason why early surrender values are increasingly becoming an issue in the life industry.

The life insurers offering a zero surrender value at the end of the first year for both types of savings policies considered by the OFT are: London & Manchester; London Life; MGM; Refuge; Royal Life; Tunbridge Wells; Abbey Life; Allied Dunbar; Confederation Life; Cornhill Insurance; Irish Life; Midland Life; Reliance Mutual and Royal Life.

Although the surrender values offered by some of these insurers in subsequent years compare more favourably with those given by their competitors, the information available about the industry as a whole suggests that more people stop paying their premiums in the first year than in any later year. Estimates put first-year lapse rates in the 17 per cent-23 per cent range.

Mr Mike Bateman, MGM sales and marketing director, said the company was considering changes to the surrender value in the first year. Eleven per cent of the company's savings plans were surrendered in the first year, he said.

Mr Peter Kelly, life marketing director for Allied Dunbar, said that the proportion of this type of savings plan which were surrendered in the first year was "significantly less" than 10 per cent. Midland Life also said its first year surrender rate was less than 10 per cent.

Mr Nigel Stephens, marketing

Continued on Page 24

MARKET INDICES

FT-SE 100:	2962.4	(-2.0)
Yield	4.18	
FT-SE Eurotrack 100	1316.0	(-4.32)
FT-SE-A All-Share	1482.25	-0.1%
Nikkei	20,526.51	(-93.51)
New York:		
Dow Jones Ind Ave	3680.68	(+2.26)
S&P Composite	448.10	(-0.28)
LONDON MONEY		
3-mo Interbank	5¼%	(same)
Liffe long gilt fut:	Sep 101½	(Sep100⅞)

US RATES		
Federal Funds:	4¼%	(4⅜%)
3-mo Treas Bills: Yld	4.480%	(4.335%)
Long Bond	83⅞	(84⅝)
Yield	7.694%	(7.603%)
NORTH SEA OIL (Argus)		
Brent 15-day (Aug)	$17.38	(17.11)
GOLD		
New York Comex (Aug)	$385.1	(385.7)
London	$383.40	(384.2)

STERLING		
New York:		
$	1.5485	(1.5405)
London:		
$	1.54	(1.54)
DM	2.4241	(2.4246)
FFr	8.3258	(8.3368)
SFr	2.0428	(2.0429)
Y	151.801	(152.478)
£ Index	79.1	(79.2)

DOLLAR		
New York:		
DM	1.5822	(1.57155)
FFr	5.36825	(5.4035)
SFr	1.31635	(1.3235)
Y	97.965	(98.60)
London:		
DM	1.5741	(1.5745)
FFr	5.4086	(5.4137)
SFr	1.3285	(1.3266)
Y	98.575	(99.015)
$ Index	63.2	(same)
Tokyo Y 98.53		

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

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NEWS DIGEST

Germany cuts conscription

The German government yesterday decided that conscripts in the German armed forces will have to serve 10 months instead of 12, part of a package of reforms designed to trim the Bundeswehr from 370,000 to 340,000. A total of DM47.5bn (£19.6bn) will be earmarked for the 1995 military budget. The new structure of the Bundeswehr will have 290,000 troops assigned to the so-called main defence forces and a further 50,000 in crisis reaction forces where soldiers must serve at least 12 months.

The crisis reaction troops could see action as part of United Nations operations, a thorny issue which the German constitutional court is expected to decide next Tuesday, when it will rule whether German troops can be deployed outside the Nato area. *Michael Lindemann, Bonn*

Indonesia pledged $5.2bn in aid

Foreign donors yesterday pledged $5.2bn in development aid to Indonesia over the coming year, in a fulsome statement that "congratulated" the Jakarta government "on the country's excellent economic performance and its sound macro-economic management".

The Paris meeting of the donors group, chaired by the World Bank, commended Indonesia for doubling its non-oil exports over the past 4-5 years to $27bn (£17.5bn) in 1993-94. The World Bank said issues of human rights and of East Timor, which Indonesia seized from Portugal 20 years ago, were not raised during the meeting. *David Buchan, Paris*

Accord over aerospace subsidies

The world's aircraft-producing countries agreed yesterday to exchange information on the aid they give their industries, after failing to make progress on European demands that the US accept tighter international disciplines on indirect subsidies to civil aircraft.

It is hoped the information can be collated by September, and discussed at the committee's next meeting scheduled for late October. However, officials are increasingly pessimistic about prospects for reaching a Gatt agreement to limit indirect industry aid, such as defence-related support, in the face of US resistance. In bilateral talks with US negotiators this week, EU officials also strongly criticised Washington's subsidies for a supersonic civil aircraft project and its role in winning a large civil aircraft order from Saudi Arabia this year. *Guy de Jonquieres, London*

S Korea to open car market to EU

South Korea yesterday agreed to open its market wider to car imports from the EU under the same conditions granted last month to the US. The measures include cutting the tariff on cars to 8 per cent from 10 per cent and replacing a 15 per cent sales tax on cars costing won70m (£56,000) or more with a 2 per cent tax on all models.

Distributors of European cars will also be allowed access to television advertising and more and larger showrooms. The measures are likely to benefit the EU more than the US since most European cars sold in Korea are in the luxury range. The EU exported fewer than 400 cars to Korea last year, while Korea shipped almost 100,000 cars to the EU. *John Burton, Seoul*

W Europe car sales up 11.8%

West European new car sales rose by an estimated 11.8 per cent in June compared with the same month last year, providing fresh evidence that the region's car market is firmly on course for recovery.

West European New Car Registrations*

	Jun 1994	% Chg yr-on-yr		Jun 1994	% Chg yr-on-yr
Germany	300,300	+5.0	Switzerland	29,100	+8.2
Italy	171,300	+7.1	Portugal	21,900	+7.9
France	136,000	+12.2	Sweden	15,300	+51.5
UK	134,700	+18.3	Denmark	14,600	+97.3
Spain	95,000	+27.7	Greece	9,000	+21.6
Netherlands	40,300	+9.8	Ireland	8,100	+30.6
Belgium & Luxembourg	38,100	+1.6	Norway	7,800	+59.2
			Finland	6,300	+31.3
Austria	26,900	+5.1	Total market	1,054,800	+11.8

*Provisional figures. Source: European Automobile Manufacturers Association (Acea)

Provisional statistics from the European Automobile Manufacturers' Association show that the June upturn helped lift sales for the first half of the year to 6.09m, an increase of 6.6 per cent on the same period of 1993. Of the 16 West European markets, only Greece, Portugal, Austria and Italy did not record first-half increases. *John Griffiths, London*

G7 SUMMIT IN NAPLES

US welcomes tax plans by Japanese

By George Graham and Kevin Brown in Naples

US officials yesterday welcomed what they saw as a new commitment by the Japanese government to stimulate domestic demand through an income tax cut and so open new market opportunities for other countries.

Although Japan has already cut its income tax and plans another cut of the same size next year, it had intended to offset this cut with an equivalent new consumption tax, thereby eliminating the effect on domestic demand.

But US officials said Mr Tomiichi Murayama, Japan's new prime minister, had assured President Bill Clinton at a meeting in Naples yesterday that his coalition government would not go ahead with the proposed consumption tax until the Japanese economy had started to grow again.

The bilateral meeting preceded the formal summit of heads of government from the Group of Seven leading industrial nations, which began in Naples last night.

Mr Lloyd Bentsen, the US Treasury secretary, said Mr Masayoshi Takemura, his Japanese counterpart, assured him he "would not detract from the income tax cut until they were sure that they were well on the way to recovery".

Mr Clinton also said Japan had not made enough progress towards opening up its markets to foreign goods, and he looked forward to a quick resumption of the US-Japan framework trade negotiations.

Nevertheless, he showed much greater understanding than in the past for the political difficulties faced by the Japanese government in opening up its markets.

"It is, frankly, difficult to imagine how the hard issues that are the subject of the framework talks could have been resolved against a background of as much political change as the nation has sustained in the last year," he said. "I wouldn't say that the signs are all bleak."

Understanding: Murayama and Clinton at a press conference after talks in Naples yesterday AP

Mr John Major, UK prime minister, said he would also press the Tokyo government for trade liberalisation measures at the summit. "Japan has more to do," he said.

Mr Clinton also plans to broach to his colleagues an idea for further action to follow up on the free trade promises they made in the Uruguay Round of negotiations on the General Agreement on Tariffs and Trade. Besides urging the other G7 countries to ratify the Uruguay Round agreement, he said he would ask them to review and analyse remaining trade barriers and report back to next year's summit in Halifax, Canada.

The idea received a warm welcome from Mr Silvio Berlusconi, the Italian prime minister, who agreed with Mr Clinton in a bilateral meeting yesterday morning on the need for "more incisive measures", particularly in the area of financial services.

Japan seeks European pressure on N Korea

By Peter Norman in Naples

Japan yesterday signalled that it wants the European members of the Group of Seven leading industrial countries to become more involved in pressuring North Korea to abandon suspected plans to make nuclear weapons.

A senior Japanese foreign ministry official said Japan wanted the Europeans to show as much interest in the North Korean crisis as Japan shows over the problems of the former Yugoslavia.

His comments came as North Korea and the US began talks in Geneva aimed at resolving the nuclear dispute. A spokesman for Pyongyang said yesterday the initial meeting was "productive", though the talks are expected to last several weeks.

The Japanese official pointed out that a Japanese national, Mr Yasushi Akashi, is the UNPROFOR chief of mission in former Yugoslavia. In addition, Japan has allocated $210m (£136m) to UNPROFOR, disbursed about $96m in humanitarian assistance to the region and pledged $13m for the rehabilitation of Sarajevo.

Outside the United Nations Security Council, the handling of the North Korean crisis has so far been a matter for the US, Japan and South Korea.

Speaking shortly before the start of the this year's summit of the Group of Seven leading industrial nations, the official said Japan wanted the European members of the G7 to join in sending a "solid message" to North Korea. This would help the talks between the US and North Korea in Geneva and the proposed summit between North and South Korea on July 25, he said.

This year's summit in Naples is again highlighting the importance that the Japanese accord the G7.

While other member countries have toyed in the past with the idea of abandoning the yearly summits, Japan yesterday made clear that it wants to strengthen co-ordination among the G7 countries.

Unlike the European countries which are linked through the European Union and Japan's six G7 partners, which are members of Nato, Japan has no comparable foreign policy ties other than the G7. It indicated yesterday that it would like to build on the current policy co-operation to strengthen the links between the Atlantic and Pacific communities of nations.

Mr Tomiichi Murayama, the new Japanese prime minister, yesterday reassured Japan's G7 partners that its foreign policy would not change following the establishment of a three party socialist-led coalition government.

But in a meeting with US President Bill Clinton, Mr Murayama underlined that the presence in the coalition of the Liberal Democratic party, which had ruled for almost four decades, did not mean a return to the *ancien regime*. It was a "new start and new departure for Japan," he said.

At the meeting with President Clinton, Mr Murayama underlined the importance that Tokyo accords to its relations with the US, proposing that the US and Japanese leaders should hold bilateral summit meetings twice a year.

Russia to press for more flexible approach to debt

By Bruce Clark in Naples

Russia will use the Naples summit to press for a new and more flexible approach among the developed capitalist economies towards the debt problem of all former communist states, according to Russian officials.

In contrast with previous encounters between Russian leaders and the Group of Seven, Moscow will not this time be asking its partners for any more government-to-government credits.

The country's balance of payments improved markedly last year, and Russian officials are confident of a spontaneous inflow of private capital, much of it Russian-controlled but currently held abroad, now that the first phase of a privatisation programme has been completed.

"It is the Russian capitalists we want to attract with favourable conditions," Mr Alexander Shokhin, deputy prime minister, said before his departure for Naples.

However, Russia does want as broad and long-term an understanding as possible with the G7 on terms of the repayment of its external debt, which Mr Shokhin estimated at around $72bn (£46.7bn). Western estimates are in excess of $80bn dollars.

The deputy prime minister, who had several meetings in Naples yesterday with G7 officials, has called for a "new mode of co-existence" between the leading capitalist countries and states in transition from communism.

He also wants the G7 to take into account the fact that Russia is owed, in theory at least, up to $140bn by former client states of the Soviet Union. Moscow would like the help of western states in collecting some of this debt.

The Russian team will also be pressing its support for plans by the International Monetary Fund to approve the issue of several billion dollars' worth of special drawing rights to ex-communist states.

Spain to defy Brussels over UK ferry row

By Tom Burns in Madrid and Emma Tucker in Brussels

The Spanish government yesterday signalled its intention to defy a formal complaint from the European Commission by refusing to grant a British ferry line access to its most commercially appealing southern ports.

Officials said yesterday in Madrid that Cenargo, the British ferry company, would shortly receive permission to start services between Nador in Morocco and a single Spanish port, most probably Alicante.

But in a case being dubbed the Orly Airport of shipping, this solution will satisfy neither the Commission, Cenargo nor the British government as Alicante is furthest away from Nador of the three ports on Spain's Mediterranean coast.

The closest ports – Almeria and Malaga – remain closed to the British line. The case has been compared with the much publicised British Airways dispute with France over access to Orly airport in France.

Spain's partial climbdown, after some two years of obstruction, follows a complaint from Brussels that Madrid has disobeyed the rules and spirit of the European Union's single market by denying Cenargo access to Spanish ports.

The official letter from the commission to the Spanish Foreign Ministry, sent at the beginning of June, states that the Spanish are directly contravening EU legislation that allows shipping lines to operate services between any member state and another non-EU country.

The letter suggests that neither the commission nor its legal services will accept the Spanish government's solution. The letter implies that Cenargo ought to have been allowed to chose to operate from any of the three southern ports.

Cenargo said yesterday that although it would accept the offer of Alicante, it would continue to push for access to Almeria and Malaga. "The government has opened a window but not the door," Mr Armando Ligerri, Cernargo's chief executive in Spain said yesterday. The Department of Transport in the UK said it would support Cenargo.

Spain's authorities should have replied to the Commission complaint last week but they have now been granted an extension until the end of the month to rectify formally their ban on Cernago.

Although there is an intermittent ferry service between Alicante and Oran, in Algeria, there has never been one with Morocco and this eastern Spanish port which – unlike Malaga and Almeria, which lie further south – lacks an established Moroccan client base. Mr Ligerri said Cenargo did not have an office in Alicante although it did have one in Almeria.

By operating out of Alicante, with a sailing time from Nador of some 13 hours, against six hours out of Almeria, Cenargo is in effect barred from establishing a daily return service to Morocco with a single vessel.

Cernargo had originally hoped to establish an Almeria-Nador link early last year but its ferry's maiden voyage was aborted by the Spanish navy, which prevented it docking at Almeria. The UK company, which says it will be unable to start up out of Alicante until November, is claiming Pta2.1bn (£10.4m) from the Madrid authorities in compensation for lost business.

Bundesrat logjam broken for holidays

With almost indecent haste, the German Bundesrat – the upper house of federal parliament – broke through a legislative logjam in record time yesterday, devouring no fewer than 139 items in four-and-a-half hours, to ensure that everyone could depart for summer holidays on time, writes Quentin Peel in Bonn.

The worthy representatives of the 16 federal states who sit in the upper chamber rushed through their approval of a stack of outstanding bills, with sweeping consequences for many areas of the German economy, and daily life.

They gave the go-ahead to postal reform, enabling privatisation of Deutsche Telekom, as well as the postal service; they approved laws on bankruptcy and on making insider trading illegal; they legalised private employment agencies; and they approved a sweeping law on waste disposal.

They gave the green light to a bill allowing private enterprise to build public roads and finance them with toll charges. And they approved legislation to wind up the Treuhand privatisation agency in east Germany.

On the way they blocked a second attempt to reform the conflicting abortion laws of east and west, postponed plans for the Transrapid magnetic-levitation train, and held up a property compensation law for east Germany – all of which must now go back for further negotiation.

And somewhere in the middle they voted by a large majority to stoke up the simmering row between Britain and Germany over BSE – mad cow disease – by approving plans for a ban on imports of beef from Britain.

The extraordinary exercise, with the largest-ever agenda presented to the Bundesrat in a single day, was caused by the coincidence of the end of the parliamentary cycle – with a general election in October – the imminent summer holidays, and the fact that the chamber has blocked a record number of bills recently.

In the event, the members started sitting one hour early, at 8.30 am, and finished the entire agenda in time for a one o'clock lunch.

The predictable approval of Deutsche Telekom privatisation clears its last parliamentary hurdle, with a first tranche of shares to be on sale in 1996.

The unpredictable rejection of the Transrapid plan – to build a 400 km per hour line from Berlin to Hamburg – means it will go back for negotiation between the government majority in the Bundestag, the lower house, and the Social Democrat (SPD) majority in the Bundesrat.

It is that SPD majority in the Bundesrat – where states with SPD-led governments have 37 votes, against just 31 for Mr Helmut Kohl's Christian Democrats and their allies – which has allowed the upper house to block so much legislation, and force compromises from the ruling coalition.

The government has been complaining bitterly that the SPD has blocked its entire legislative programme, while the SPD insists that negotiation is the name of the game: both are playing politics with an eye on the October election.

They still have a chance to get the rest of the laws agreed, however, for the Bundesrat has two more sittings scheduled in September, one to approve a handful of constitutional amendments, and the other to take in any other business.

Only then, they will not be so bothered about having to get away for their holidays on time.

Çiller urges public debate on Kurds

Turkey's PM is seeking to regain the political initiative, writes John Murray Brown

Turkey's beleaguered prime minister, Mrs Tansu Çiller sought to regain the political initiative this week, calling for a public debate on what has long been an official taboo – use of the Kurdish language in schools and television.

In a style more reminiscent of the late Turgut Ozal, Mrs Çiller dropped her bombshell at an engagement in Paris, telling reporters she wanted to see the constitutional ban on Kurdish broadcasting and education lifted.

The move could serve to win over moderate Kurds, and isolate the rebel Kurdish Workers' party (PKK). But the suggestion has left the Ankara establishment floundering.

Mrs Çiller's apparent change of heart is prompted by mounting international criticism of Turkish policy, and the government's apparently blind pursuit of a military solution. It will also divert attention from the newspaper allegations of impropriety Mrs Çiller and her husband face in connection with property acquisitions in the US.

"In institutions, schools and the state television, the official language is Turkish. But beyond that, everything should be free," she said.

Clearly, such a move risks alienating hardliners in her True Path party (DYP), without whom it may be hard to win a two-thirds majority in parliament for constitutional reform. It will further strain the uneasy compromise between civilians and the military which has prevailed since she came to power last summer.

Western governments have been particularly shocked by recent moves to close the Kurdish-based Democracy party (DEP), following lifting of the parliamentary immunity of MPs representing the Kurdish region, five of whom could face the death penalty for espousing the Kurdish cause.

International censure is also hampering Turkey's efforts to win financial aid from western governments to see it through its current economic crisis. "At the moment her ambassadors can't even get through the doors of Europe's treasuries to present their requests," says one foreign banker.

Concern has been voiced in the US, where the House of Representatives has for the first time proposed to link US aid to improvements in Turkey's human rights.

Furthermore, the Council of Europe's parliamentary assembly voted last week to send a delegation to Turkey to investigate the Kurdish problem.

Çiller: wants to lift ban on broadcasting and education

Ironically, the promotion of Kurdish education was one of the charges cited in the Constitutional Court's decision to close the DEP on June 30. The debate could trigger further divisions within Mrs Çiller's conservative-led coalition.

Only this week, speaking to the military academy, President Suleyman Demirel echoed hardline sentiment when warning that the west's demand for democratic reforms would be rejected if they threatened Turkey's territorial integrity.

In sharp contrast, Mr Celal Kurkoglu, a social democrat deputy, called on the justice ministry to investigate Mr Nusret Demiral, head of the Ankara state security court, for his actions against the DEP.

It could also imperil Mrs Çiller's close ties with the army, which has until now been given *carte blanche* to prosecute increasingly bloody counterattacks against the Kurdish Workers' party.

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NEWS: INTERNATIONAL

Protests highlight suppression of Tiananmen Square uprising

Chinese PM cuts rest of German tour

By Quentin Peel in Bonn

To the embarrassment of his government hosts, and the bewilderment of the Bavarians who were waiting to see him, Mr Li Peng, the Chinese prime minister, yesterday abruptly cancelled the remainder of his official visit to Germany.

For the second day in succession the Chinese leader simply abandoned parts of his programme, apparently out of anger over planned demonstrations to protest at his role in suppressing the Tiananmen Square uprising in 1989.

Yesterday he refused to attend both final events in his official visit to Bavaria – an inspection of a typical Bavarian farm, and a boat trip on the scenic Tegern lake in the foothills of the Alps.

En route to the boat ride, protesters had erected a papier-mâché model of the Statue of Liberty, just as the Tiananmen students did five years ago. Mr Li declined an offer of an alternative route to the lakeshore.

Instead, he lingered as long as possible in the company of Germany's leading industrialists, including the managers of Siemens and Deutsche Aerospace, and finally retired to the security of his Munich hotel suite.

His behaviour has aroused the scorn of wide sections of the German press and an embarrassed hush from the government, which had hoped to entertain him for a big trade-promoting trip without too much talk of human rights.

The popular Bild Zeitung, a strong supporter of the German government, ridiculed the Chinese leader on its front page and in an editorial column, saying: "You expect respect, but so do we."

Commenting on the plight of the mayor of Berlin, who was left to wander on his own through the Brandenburg gate on Thursday, when Mr Li failed to appear, the newspaper said: "Our democratically elected politicians certainly do not have to let themselves be insulted by you."

The government insisted last night that the end of Mr Li's visit would still go ahead as planned: a farewell handshake from the government's head of protocol at Munich airport, around lunchtime today.

He then flies on to Bucharest.

On Thursday Mr Dieter Vogel, the government spokesman, said that while Bonn regretted what had happened, "we must also say that demonstrations are allowed in Germany, if they are peaceful. However, the federal government does not believe that it is the right way to promote human rights."

Before he cancelled his programme, Mr Li and his delegation had signed further contracts and letters of intent with Siemens, Daimler-Benz' subsidiary Deutsche Aerospace, and MAN.

The contracts with Siemens involve joint ventures to build three coal-fired power stations, raising total Chinese business planned by the group to DM6bn (£2.4bn).

At Deutsche Aerospace, the Chinese signed documents to found a joint space satellite enterprise, and at MAN they finalised a licensing agreement for the China National Heavy Duty Truck Corporation to build up to 5,000 bus chassis a year.

Plans to liberalise farm trade face obstacles

By Guy de Jonquières, Business Editor

Last year's agreement in the Uruguay Round world trade deal to liberalise farm trade by phasing out all non-tariff measures (NTMs) may prove impossible to implement fully, according to a study.

The study, by two University of Minnesota economists, says that, if anything, pressures to impose further NTMs are likely to grow in the next few years because of faster innovation in food products and national environmental regulations.

"One cannot escape the conclusion that all that can be achieved is a reduction in some of the existing measures and a framework for future negotiations of the others. The implication... is that non-tariff measures are here to stay," it says.

The study also says the complex way in which NTMs are applied in farm trade poses serious practical difficulties for the Uruguay Round plan to convert them into tariffs, which would be eliminated over several years.

The biggest problem is that several commodity groups, such as fruit and vegetables, carry a large number of NTMs, for each of which equivalent tariffs are not easy to calculate.

The study finds that Norway, the US, Austria and Canada impose a wider range of NTMs on trade in agricultural products than any other western industrialised countries.

It adds that although this does not mean these countries necessarily have the most protected markets, the greater the diversity of NTMs the more likely they are to restrict trade.

Canada topped the list of countries with the most agricultural NTMs, totalling 1,464. That was more than twice the number in Sweden, the second-ranking country, and compared with only three in Ireland, with the least NTMs of those countries surveyed.

The study, based on an analysis of an Unctad database, finds that almost half the farm trade measures imposed by western countries are quantity restrictions, a third are technical regulations and standards, and a fifth are tariffs and other financial measures.

The structure of non-tariff trade measures on agricultural products in high-income countries. Agribusiness, Vol 10 No 4. Published by John Wiley & Sons, 605 Third Avenue, New York.

Number of different non-tariff measures imposed by each country on its import of agricultural commodities.

Country	Diversity	Rank
Norway	15	1
United States	14	2
Austria	13	3
Canada	13	4
Australia	11	5
Sweden	11	6
New Zealand	8	7
Finland	6	8
France	5	9
Denmark	4	10
Greece	4	11
Italy	3	12
Germany	3	13
Belgium and Luxembourg	2	14
Ireland	2	15
United Kingdom	1	16

Cambodia let down by democracy

Coalition government has had a turbulent year, writes Victor Mallet

Troops on guard in Phnom Penh yesterday; moves against Khmer Rouge proved disastrous Reuter

Cambodia is one of those countries in which provincial restaurants display polite signs asking customers to leave their grenades and semi-automatic weapons outside.

Travellers outside the capital, Phnom Penh, risk not only the possibility of being kidnapped by guerrillas or bandits (two Britons and an Australian seized three months ago are still missing) but also the probability of being shaken down by drunken government soldiers demanding money or cigarettes at gunpoint.

Having endured such treatment and worse from a succession of governments run by whimsical monarchs, a military dictator, fanatical Maoists and Vietnamese-backed communists, Cambodians know plenty about violence and political instability.

Perhaps it was not surprising that most Cambodians greeted with a shrug of indifference the news of an attempted *coup d'état* a week ago and the subsequent sight of more troops on the streets of Phnom Penh.

But the present government, a coalition of royalists and communists elected a year ago in a poll organised by the United Nations, was supposed to be democratic. The lack of popular concern about the government's fate, and the widespread suspicion that it may have engineered the failed coup for its own unfathomable political purposes, indicate how badly it has fared since taking power.

Particularly disastrous for its reputation were the army offensives against Khmer Rouge guerrilla strongholds in northern and western Cambodia earlier this year.

On two occasions the guerrillas retreated before the troops, led them into a trap, and then counter-attacked and routed them. Apart from demoralising the army, the fighting frightened away French and other foreign tourists who were beginning to arrive in greater numbers to visit the famous Khmer temples of Angkor Wat.

The government's economic record is better than its military one, but is hardly ideal. Mr Sam Rainsy, the finance minister from the royalist party Funcinpec, has tried to introduce free market policies and has inspired the confidence of the International Monetary Fund and foreign investors.

But Mr Rainsy's authority was suddenly undermined last month when responsibility for collecting timber revenues was secretly moved to the Defence Ministry from the Finance Ministry, apparently after pressure on the government from the military.

The move, authorised by Prince Norodom Ranariddh and Mr Hun Sen, the coalition's two prime ministers, deprives the Finance Ministry of an important source of budget income, contravenes the budget law, and will probably anger the IMF.

Funcinpec, in spite of having won the most seats in the election, has not had much impact in the provinces, where corrupt communists from the former regime are still largely in control and former Funcinpec supporters accuse their own leaders of betrayal. Neither the overmanned civil service nor the incompetent army has been reformed.

At the national assembly in Phnom Penh, haggling between Funcinpec and the communist Cambodian People's party has delayed passage of several important laws, including one on foreign investment.

Corruption and inefficiency are so widespread that even Asian businessmen who pride themselves on being able to strike deals where no westerner would dare venture are frustrated by the difficulties of doing business.

Cambodians say a lucrative job as a customs officer can be bought for about $6,000 (£3,900), the equivalent of 30 years' salary. Stolen Toyotas and Nissans are parked outside government ministries by the officials who stole them.

Army generals who are supposed to be fighting the Khmer Rouge often trade gems and tropical timber with them. "They shell each other in the morning and trade and drink whisky in the evening," says one disgusted Phnom Penh businessman.

After decades of repression by various governments, the UN operation in Cambodia and the election campaign encouraged the creation of independent pressure groups dealing with everything from the environment to human rights. More than 40 Cambodian newspapers also appeared on the streets.

Now this flowering of popular democracy may be threatened. Yesterday the government said it had arrested a newspaper editor for "creating disorder" by publishing a story about the generals believed to have been involved in the failed coup attempt a week ago. Two other newspapers critical of the government were closed previously.

Perhaps the government's biggest mistake, according to diplomats and aid donors, is its failure to invest in the rural areas where most Cambodians live as rice farmers.

Government troops have made themselves unpopular by extorting money from villagers when they bring their rice to market along government-held roads. Foreign aid workers noticed during an outbreak of fighting in the north-west in May that while many homeless Cambodians fled to government-held zones, hundreds of others took refuge in Khmer Rouge areas.

"I can't help thinking that things are sliding back into the situation between 1968 and 1974 [a year before the Khmer Rouge took power], when the army was ineffective and corrupt and politics were unstable," said one foreign investor.

Japanese LDP leaders offer to quit party posts

By Gerard Baker in Tokyo

Two leading members of the Liberal Democratic party (LDP) offered to resign senior party posts yesterday in a move expected to accelerate the realignment of Japan's fractured political system.

The former prime minister, Mr Yasuhiro Nakasone, and the former foreign minister, Mr Michio Watanabe, offered their resignations as senior party advisers following their decision to defy the party's leadership instructions to vote for the Social Democratic party's (SDP) leader, Mr Tomiichi Murayama, as prime minister in last week's vote in the Diet.

Mr Nakasone and Mr Watanabe voted for the former prime minister, Mr Toshiki Kaifu, who left the LDP and stood unsuccessfully against Mr Murayama.

Last week the LDP secretary-general, Mr Yoshio Mori, called the defectors' actions a "breach of trust" and said the party would consider punitive action.

The former ministers' decision is expected to be followed by a further shift in political allegiances. In the vote last week which resulted in the formation of a coalition government of the LDP, the SDP and the smaller Sakigake party, 32 LDP members and 10 Socialists defied their party leaderships and failed to vote for Mr Murayama.

Two LDP members immediately resigned from the party. They were joined on Wednesday by one Socialist and two more LDP rebels who resigned to sit as independents.

Meanwhile, on Thursday eight parties from the former ruling coalition joined forces to counter the SDP/LDP alliance.

The group, called the Reform Promotion Council, was formed at the instigation of another former prime minister, Mr Morihiro Hosokawa. It aims to create a 200-seat bloc in the 504-seat lower house of the Diet, and is hoping to attract more defectors from the LDP and SDP.

The group plans to field joint candidates in the next elections, due to be held under a new system of single-member constituencies combined with proportional representation.

Attacks in West Bank trigger army clampdown

By Julian Ozanne in Jerusalem

The Israeli army clamped a curfew on Hebron yesterday after violence between Jewish settlers and the town's 100,000 Palestinians threatened to escalate.

Jewish settlers poured into Hebron on Thursday night, smashed windows and burnt a car after an Israeli soldier and a teenage Jewish settler were killed by Arab guerrillas in two incidents in the West Bank.

The Israeli army, which forced Palestinians to stay indoors throughout yesterday as they conducted house-to-house searches, vowed to hunt the killers "to the death".

The renewal of Arab-Israeli violence in Hebron, site of a mosque massacre in February, is a reminder of the fragile nature of the Israeli-Palestinian peace process despite recent progress.

The Israeli army blamed the attacks on the Hamas Islamic Resistance Movement, which opposes the peace agreement. If true, it marks a new wave of Hamas attacks; offensives were halted to see how the peace process unfolded.

Hamas did not make its usual claim of responsibility, but has stated repeatedly in recent leaflets that it is not giving up its armed struggle against Israeli occupation of Palestinian lands.

In the two attacks a 20-year-old Israeli soldier, missing since Wednesday, was found dead in an abandoned Jerusalem house and a 17-year-old settler was killed when gunmen attacked a car near Kiryat Arba, the militant Jewish settlement outside Hebron.

The killings overshadowed a successful summit in Paris between Mr Yitzhak Rabin, Israeli prime minister, and Mr Yassir Arafat, PLO chairman, who shared a United Nations peace prize.

Mr Rabin has recently expressed confidence in the PLO following military reports that Palestinian attacks on Israelis are substantially down since the implementation of self-rule in Gaza-Jericho.

The attacks will fuel the campaign of the Israeli right-wing which wants the peace deal terminated and which is determined to resist the extension of PLO control across the West Bank. Israel and the PLO will begin to negotiate this phase of the peace process in Cairo on Monday.

Mr Aharon Domb, a spokesman for the settlers, said yesterday: "While the prime minister is busy receiving a peace prize, Jews are being murdered throughout Israel. The reality is staring him in the face but he refuses to see it."

OECD guidelines to avert double tax

By Guy de Jonquières, Business Editor

Leading industrialised countries have agreed in principle on draft guidelines intended to discourage double taxation of multinational companies' profits and to avert international conflicts between tax authorities.

The guidelines, published yesterday in a report by the Paris-based Organisation for Economic Co-operation and Development, lay down principles for treating companies' transfer pricing methods.

They follow controversy over efforts by some tax authorities to maximise revenues by, for example, taxing local subsidiaries on their parent companies' worldwide profits.

The OECD report strongly condemns such "unitary" taxation methods, one of whose best known practitioners is the state of California. Last month, the US Supreme Court upheld California's rules after a legal challenge by Barclays Bank.

The report says unitary taxation disregards market conditions and is inflexible, arbitrary and imprecise. It says that it also imposes an "intolerable" administrative burden on companies.

The guidelines, drawn up in consultation with leading multinational companies, including IBM, Shell and Unilever, are due to take effect next June. Unusually, the OECD has invited public comment on them before they are finalised.

Though they will initially apply only to the central governments of the OECD's 25 members, it is hoped that they will eventually be adopted by other countries and by state and local governments.

The guidelines are based on the "arm's length" principle that related enterprises within a multinational company be treated for tax purposes as if they were separate businesses, so as to ensure that only profits earned in a particular country or state are taxed.

The report recommends that the principle should be implemented by using transaction-based methods, such as examining comparable prices in independent companies.

It says authorities should use profit comparisons, to determine whether a multinational company is paying its fair share of taxes in their jurisdictions, only as a last resort, when transaction-based methods are not practicable. The guidelines set limits for the use of profit comparisons.

The arm's-length principle was established by an agreement between OECD members in 1979. However, its application has been challenged by differing interpretations by tax authorities, and by changes in corporate behaviour caused by developments in technology and financial markets.

Talks on a revision of the agreement have been under way since the mid-1980s and were given extra impetus two years ago by an international uproar over US proposals to change its tax and transfer pricing rules.

The final version of the US rules, published this month, give multinational companies greater freedom in the ways they determine transfer prices and are broadly consistent with the OECD draft guidelines.

Improved employment statistics raise fears of tighter monetary policy

Jobs figures put Fed under pressure

By Michael Prowse in Washington

The publication yesterday of stronger than expected employment figures put renewed pressure on the US Federal Reserve to raise short-term interest rates.

The Labour Department said non-farm payroll employment rose 379,000 in June, well above Wall Street projections of an increase of about 280,000. Officials, however, said some of the increase could reflect distortions – labour markets are particularly fluid in early summer as many temporary positions are created.

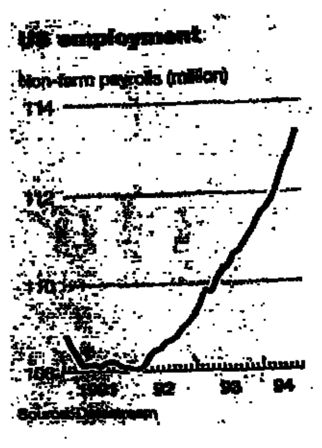
In another sign of economic strength the unemployment rate (which is based on a survey of households rather than employers) held steady at 6 per cent last month. After a seemingly erratic decline in the jobless rate from 6.4 per cent in April to 6.0 per cent in May, most analysts had expected a rebound to about 6.2 per cent.

Bond prices fell sharply in early trading on fears that monetary policy might need to be tightened again to prevent rapid economic growth eventually putting upward pressure on inflation.

Earlier this week the Fed concluded a two-day policy meeting without signalling an increase in rates – despite other signs of economic vitality and the dollar's continuing weakness on foreign exchange markets. The Fed's failure to move prompted speculation that it believed economic growth was decelerating of its own accord, justifying a "wait and see" attitude on rates.

Between February and May, the Fed raised short-term rates by 1¼ percentage points to 4¼ per cent, a level that it described as close to "neutrality" – meaning that it represented neither an expansionary nor a contractionary monetary policy. After this week's meeting it appeared that the Fed wanted to wait and see what effect these earlier rate increases would have, before tightening again.

That may still be its preferred approach, but the strength of the employment data is likely to make Fed policymakers uneasy. Payroll employment has risen by 1.6m since January, considerably faster than last year, when gross domestic product grew 3 per cent. The jobless rate has fallen sharply from 6.7 per cent to 6.0 per cent – at or below the level at which inflation has begun to rise in the past.



Even if the June employment increase was erratically high, there were few signs in yesterday's figures of any deceleration in the pace of job creation. Preliminary GDP figures for the second quarter, to be published later this month, are likely to show economic growth at an annual rate of well above 3 per cent, implying that the economy is still growing faster than its long-run potential rate of expansion.

Mr Allen Sinai, chief economist at Lehman Brothers, the Wall Street firm, said the June jobs figures overstated underlying employment growth and would not prompt an early increase in interest rates. However, the Fed would raise rates in coming months: a neutral stance might require rates as high as 5 per cent before the end of the year.

Ms Katherine Abraham, head of the labour statistics bureau, described the payroll increase as "substantial". Although most of the gain occurred in service sectors such as healthcare, restaurants, retail trades and leisure industries, there was also a "notable" 34,000 increase in manufacturing employment.

Peruvian growth rate of 11.8% beats predictions

By Sally Bowen in Lima

Peru has retained its position as Latin America's most dynamic economy in the first five months of this year, with growth rates that have outstripped expectations, including those of the government.

The government said the economy grew by an annual rate of 11.8 per cent in the first five months of the year, compared with growth forecasts of 4 to 5 per cent for 1994 as a whole.

The expansion is in most sectors, but has been marked in fishing, with catches a third higher than last year – when they were also good following a downturn in 1991 and 1992. Peru is the world's third largest fishing nation and the leader in fishmeal exports.

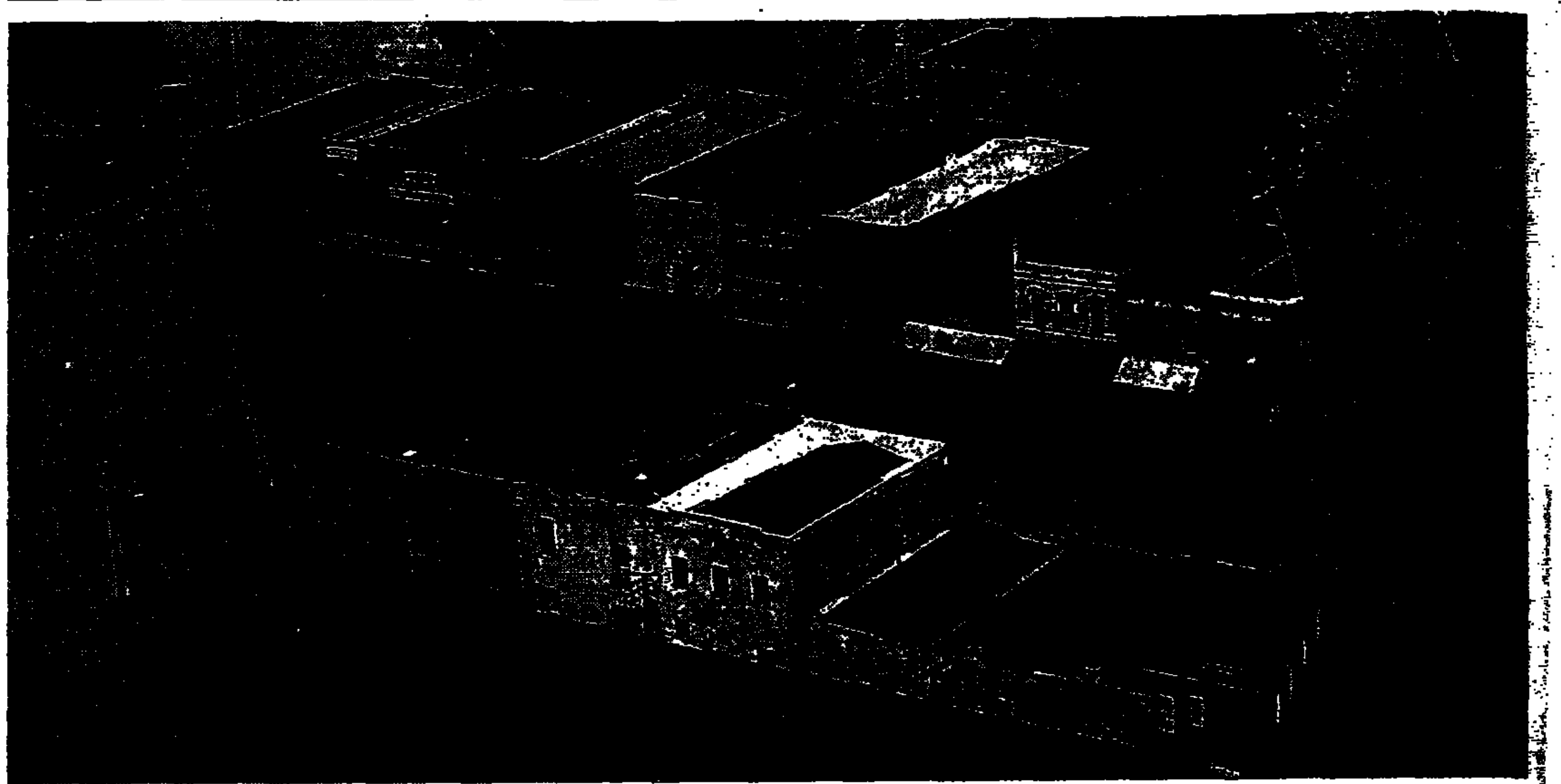
This year, the industry expects to exceed 1993's 1.13m tonnes of fishmeal exports by some 20 per cent. Agricultural output also rose 16 per cent in the first five months of 1994, compared with a year earlier.

There has also been a sharp recovery in Peru's construction sector. The government, with help from the Inter-American Development Bank and World Bank, is pouring money into long-neglected infrastructure, with road repairs and resurfacing boosting sales of cement and iron and giving jobs to thousands of unskilled workers.

Peru's mining sector, meanwhile, responsible for almost half of all export earnings, has benefited from the recent rises in international minerals prices, especially copper. New gold deposits, now coming on stream, are also rapidly pushing up the overall value of minerals exports.

The upturn is from a low base, however, following a 25 per cent fall in Peruvian GDP between 1988 and 1992. Even if this year's growth exceeds last year's 7 per cent rise, Peruvian per capita output will still barely match 1960 levels.

However, for a government facing general elections in just 10 months, the strength of the recovery is a welcome bonus. President Alberto Fujimori said on Wednesay growth for 1994 would "exceed by far" the 4.5 per cent previously agreed with the IMF and would probably top 7 per cent.



GEORGIA AWASH AFTER ALBERTO BRINGS FLOODS

Muddy floodwaters cover the streets of downtown Montezuma, Georgia, yesterday as the remnants of tropical storm Alberto drenched the state for a fourth day, leaving damage estimated at over $100m. At least 19 people were reported to have died in Georgia and another in Alabama. The city of Albany, 175 miles south of Atlanta along the swollen Flint River, evacuated some 15,000 people to higher ground as coffins floated in cemeteries. Across the US, at least 12 firefighters were reported to have died when they were overrun by a forest fire in the Rockies about 120 miles west of Denver. Picture: AP

Venezuela near the void

Import delays and last month's exchange controls have hit industry badly, leaving the economy tottering towards worsening recession, Joseph Mann writes from Caracas

The day after Venezuelan President Rafael Caldera announced a series of drastic economic measures last week, a Caracas newspaper, Economia Hoy, ran a cartoon on its front page depicting the president and his minister of finance, Mr Julio Sosa, walking confidently along a plank that ended in a great void after one more step.

"How are we doing?" the president asks.

"We're doing just fine," replies the minister, who is the government's economic policy chief.

Although the Caldera administration may not have found the cartoon amusing, it summed up the feelings of many Venezuelan and foreign businessmen.

The measures announced by Mr Caldera on June 27 included controls on all foreign exchange transactions and a temporary halt to foreign exchange trading. Many importers are frantic and business people, but not the government, are predicting shortages of manufactured items and finished products from overseas.

The administration decreed exchange controls in an effort to halt a rapid decline in foreign reserves that began early this year. Mr Antonio Casas, president of the central bank, said monetary reserves at the end of June were $8.9bn (£5.9bn), or down 29.6 per cent from the end of December 1993 and now equivalent to around 11 months of imports.

The government plans to set the single, official exchange rate at 170 Venezuelan bolivars per dollar next week, down from 200:$1 on the last day of open trading. Businesses desperate for dollars during the week paid as high as 270, according to one press report.

At 200 per dollar, the bolivar has been devalued by 47 per cent since the beginning of this year, compared with a 25 per cent devaluation for all of 1993.

If that were not bad enough, delays in establishing the new control system have meant that, as of yesterday, the entire country – with more than 20m inhabitants and an economy that depends heavily on imports – has been without any normal foreign exchange activities at banks and exchange houses for two weeks.

"The economy will be on crutches in a few months unless the government gets imports moving again quickly," commented one foreign executive in Caracas.

"Government officials are trying to keep everyone calm, promising that there will be no shortages. But with this administration's record, it looks like we'll be in real trouble."

Economists say the country's recession, already in its second year, will be worsened this year by import delays. In 1993, Venezuela had merchandise imports of over $11bn, compared with exports of $14.2bn.

Imports during the first four months of this year were already down by 32 per cent over the same period in 1993.

This is serious for an economy that imports nearly half of its food for humans and farm animals, and whose manufacturing plant relies more on imported raw materials and intermediate goods than some of its neighbours do. Inventories of some industrial inputs are already running low, and one of the country's largest vehicle assemblers has not sold any vehicles to dealers since exchange controls were announced.

The company, and others that rely on a high percentage of imported components, simply does not know what exchange rate it can legally apply to a unit that costs, for example, $20,000.

Mr Jorge Redmond, president of Conindustria, Venezuela's largest association of manufacturers, warned that government delays in laying out the exchange control plan would create serious problems for industry and for the supply of goods to the public.

"Exchange controls are fine for the government, since it can replenish its international reserves," an American banker commented. "But while the government is counting its reserves, the private sector and the economy are suffering."

The real delay in resuming foreign exchange transactions may last even longer – perhaps a month. The central bank plans to resume US dollar sales under the new control system on July 11. Moreover, officials say that it will take around 10 days (presumably, 10 business days) between the time a qualified importer applies for dollars and the time he actually receives them.

This is an optimistic projection for a traditionally sluggish bureaucracy. To make things worse, one press report yesterday warned that the official re-initiation of dollar sales might be delayed beyond next Monday.

Foreign exchange trading, suspended on June 28, was supposed to have been resumed on July 6. This failed to happen, however, because the government and the central bank had not yet worked out the details of the new foreign exchange control programme.

LEGAL NOTICES

In the High Court of Justice No [illegible] of 1994
Chancery Division

IN THE MATTER OF
GEORGE WESTON HOLDINGS PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 23rd June 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £750,000 to £598,390.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL, on Wednesday the 20th day of July 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 9th day of July 1994
Herbert Smith
Exchange House, Primrose Street, London EC2A 2HS
Solicitors for the above-named Company

In the High Court of Justice No [illegible] of 1994
Chancery Division

IN THE MATTER OF
CREDIT LYONNAIS (INVESTMENTS) LTD
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of High Court of Justice, Chancery Division dated the 22nd June 1994 confirming the reduction of capital of the above named Company on the following terms was registered by the Registrar of Companies on the 23rd June 1994:

"The capital of Credit Lyonnais (Investments) Limited was by virtue of a Special Resolution and with the sanction of an Order of the High Court of Justice dated 22nd June 1994 reduced from £200,000,000 divided into 200,000,000 Ordinary Shares of £1 each to £159,999,996 divided into 159,999,996 Ordinary Shares of £1 each. The said special resolution further provided that on such reduction taking effect the capital of the Company be increased to £200,000,000 by the creation of 40,000,004 Ordinary Shares of £1 each. At the date of the registration of this Minute 130,000,000 of the Ordinary Shares have been issued and are deemed to be fully paid up and the remainder are unissued."

Dated 8th July 1994
CLIFFORD CHANCE
200 Aldersgate Street, London EC1A 4JJ
Ref: KO

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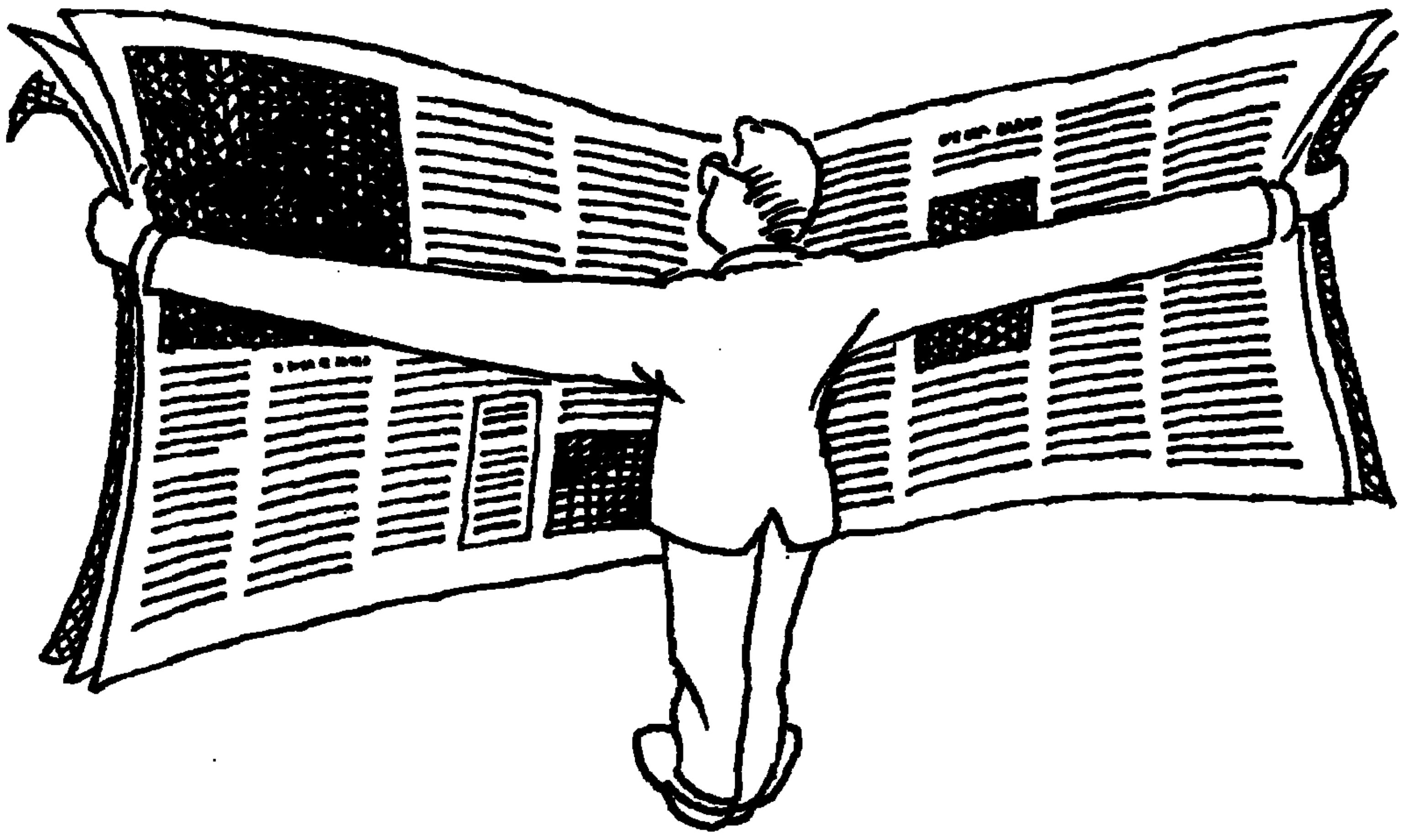

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FT PROFILE
BUSINESS INFORMATION

PART OF THE FINANCIAL TIMES GROUP

NEWS: UK

BT engineers set to accept anti-social shifts

By David Goodhart, Labour Editor

Radical new working-time arrangements which will make British Telecommunications engineers available to customers in the evenings, early mornings and Saturdays, are likely to be accepted by union members over the next few weeks.

The proposals, which have been negotiated for more than a year, would mean four- or even three-day weeks for engineers who volunteered for the most anti-social weekend shifts.

Engineers would continue to work a 37½-hour week but instead of normal hours being 9am to 5pm Monday to Friday, the shift pattern (for which overtime would not be payable) would become 7.30am to 7.30pm Monday to Saturday.

Working the new shift times will be voluntary, but both sides seem confident that there will be enough volunteers attracted.

One union official said: "There are drawbacks with the new system but a lot of people will be thinking about how empty the golf course is on Tuesday compared with Saturday."

The union wants a more unequivocal commitment that the changes will be voluntary and that there will be an across-the-board reduction in hours to 36 a week. But union officials say that BT has moved some distance in negotiations over the new system – called the Customer Service Improvement Programme – and that there is now a much wider range of options for staff.

The negotiations, covering 27,000 engineers, are at a sensitive stage and neither BT nor the National Communications Union wants to discuss them in public. BT has, however, agreed to offer an inducement of £1,000 for those who opt for weekend work and £400 for those who do early morning or evening shifts.

BT had said that those payments are dependent upon endorsement of the package by the NCU executive. It now seems probable that the NCU will not back the deal, which is extremely unpopular with some branches, but neither will it recommend rejecting it.

BT is determined to get the deal. Competition from Mercury and other telephone companies is becoming more intense and BT may therefore turn a blind eye to the union's non-committal position.

The NCU is not recognised by Mercury but a delegation from the union recently presented a formal request for representation. Mercury managers said that the proposal would be put to the board and the union would be informed of the response before the end of June. No response has been made yet.

● The NCU has agreed to recommend a 2.9 per cent pay offer for its 100,000-plus members in BT. The Union of Communication Workers has also agreed to recommend acceptance of the same offer for its 10,000 members.

Eurotunnel to fight duty-free on ferries

By Charles Batchelor, Transport Correspondent

Eurotunnel, the company which operates the Channel tunnel, yesterday won permission from a High Court judge to challenge duty-free sales on cross-Channel ferries and on aircraft.

Mr Justice Tucker said it was "a matter of very considerable public interest and importance". Eurotunnel hopes for the judicial review to take place later this year, although a final judgment from the European Court could take until 1996.

The company wants the courts to declare that the continuation of duty-free sales on cross-border journeys within the European Union is unlawful under the Single European Act.

The EU had intended to abolish duty-free sales in January 1993 – but lobbying by the UK government led to their being extended until 1999. The duty-free concession does not extend to trains travelling through the tunnel, placing Eurotunnel at a competitive disadvantage compared with the ferries, the company says.

Eurotunnel has built duty-free shops at its terminals in Folkestone and Calais, but these require travellers to make a detour. The ferries are able to subsidise their fares from their takings from duty-free sales, the company says.

Mr David Vaughan, QC, for Eurotunnel, told the judge the duty-free trade represented a loss of £600m a year in excise duty and value added tax.

Rollercoaster computer failure to be probed

By Michael Skapinker, Leisure Industries Correspondent

A US electronics expert is due in Blackpool today to investigate why two computerised safety features on the world's highest rollercoaster apparently failed on Thursday, resulting in 26 passengers requiring hospital treatment after two trains collided.

Blackpool Pleasure Beach, the privately held company which owns the rollercoaster, said it had told Arrow Dynamics, the US company which designed the ride, that it needed assurances that no further accidents could occur.

The rollercoaster, which officially opened last week, will remain closed until assurances have been given.

The company said the accident occurred when two trains collided at the end of the ride. One train stopped shortly before it reached the end instead of gliding into the disembarkation point. The rollercoaster's computer system should have prevented this from happening, the company said.

The computer system should then have stopped the train behind. It did not do so, however, and the second train ran into the first at 7mph, about 15 feet above the ground.

The company accepted that as the ride is 235 feet high, with a top speed of 85 mph, the accident could have been far worse.

The collision is a serious embarrassment to Blackpool Pleasure Beach, which is Britain's biggest free tourist attraction and drew 6.75m visitors last year. This year Blackpool is celebrating the centenary of its tower.

The rollercoaster, which is so high that it has aircraft warning beacons and required the approval of the Civil Aviation Authority, was intended to be the resort's biggest attraction. The English Tourist Board designated 1994 the Year of the Rollercoaster in its honour.

First Leisure, the company which owns Blackpool tower, said it hoped the accident would not cast a pall over the centenary celebrations. It added, however, that it did not think it would result in fewer people visiting Blackpool this summer.

The rollercoaster is called the Pepsi Max Big One and is sponsored by the US soft drinks company. Pepsi said yesterday: "We are concerned to learn of the accident. We are in contact with the directors of Blackpool Pleasure Beach and are awaiting the results of the investigation."

Blackpool Pleasure Beach said two passengers on the ride were still in hospital yesterday. Officials from the Health and Safety Executive had begun interviewing staff about the incident.

Press Association

Emergency services at the rollercoaster accident at Blackpool Pleasure Beach which resulted in 26 people needing hospital treatment

BBC programming to get extra £180m

By Raymond Snoddy

The BBC is setting up a programme strategy fund to channel £180m in extra finance into programmes over two years.

The money, to come from savings and increased efficiency, is in addition to an extra £75m which has already been allocated to the main programme-making directorates.

The fund is being created to ensure that the additional money goes to areas and types of programming which need strengthening.

Mr John Birt, BBC director-general, said: "Every single area of programming will benefit but a lot of it is going to go into expanding the amount of drama on BBC 1." The BBC admitted yesterday that the corporation had "a long history of under-performance" in popular drama, and cited disappointing programmes such as *Grushko*, a detective series set in Russia.

The fund, which will have £60m to spend in the next financial year and £120m in 1996-97, was announced yesterday by Mr Birt as the corporation published its report and accounts for 1993-94 and made one of its new, more detailed reports on performance.

In addition to the extra cash, the BBC said savings would also allow an increase in capital expenditure.

The accounts show that the highest-paid member of the BBC board of management – almost certainly Mr Birt – received £266,783 in 1993-94, including a performance-related bonus payment of £16,000 and a pension payment of £28,062. Last year the highest-paid member – presumably Sir Michael Checkland, the former director-general – earned £180,721.

One of the main sources of savings of more than £100m a year has come from "producer choice" – the system of allowing producers to buy services outside.

BBC programme-makers have continued to carry out 90 per cent of their business with BBC Resources but full costing has led to a fall in demand from some services and there was a net loss of 700 jobs in the resources department over the year.

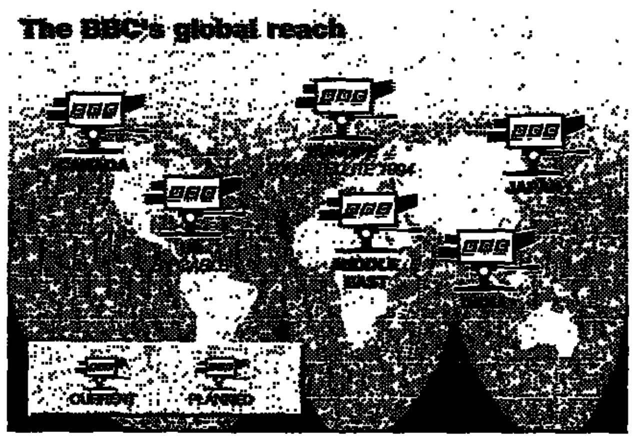
Further gains came from cutting evasion of potential licence fee income from 8 per cent to 7.2 per cent and reducing the cost of collection from 5.8 per cent of licence fee income to 5.3 per cent. A £30m contingency fund to cover the first year of "producer choice" was not needed.

The BBC had total licence fee income in the year to March of £1.6bn and an operating surplus of £122m before restructuring costs of £53m. Last year there was an operating surplus of £5m after restructuring costs of about £100m. Borrowings were reduced to £63m.

As part of the review of the BBC's activities Mr Birt recently spent 20 days visiting all parts of the corporation. He said: "You come back from a journey like that and feel pretty cheerful about what is happening in the BBC."

Auntie spreads her wings towards global horizons

The BBC's global reach



Last Friday, with no fanfare, the BBC launched its 24-hour television news service for Japan. The English-language channel, delivered by satellite with four hours a day of translation into Japanese, has been created in partnership with Nissho Iwai, a Japanese trading and publishing company.

Two weeks earlier, just as quietly, the BBC launched an Arabic-language service aimed at the Middle East. The satellite service is initially broadcasting for just two hours a day but will build up to a 24-hour service before the end of the year. The BBC is supplying the service under contract to Orbit Communications, a Rome-based subsidiary of Mawared, the Saudi Arabian trading group.

The BBC had been expanding around the world with private-sector partners for some time before the government formally endorsed an international commercial role in Wednesday's white paper on the future of the corporation.

The white paper not only underpinned all existing BBC services, but proposed that the corporation should have a new 10-year royal charter to run from 1997, with the continuation of the licence fee guaranteed until 2001. That too will almost certainly be a 10-year commitment.

But the government has ambitions for the BBC beyond continuing to serve its domestic audiences. The white paper says: "The government believes the BBC should be able to evolve into an international multi-media enterprise, building on its present commercial services for audiences in this country and overseas."

Mr Bob Phillis, BBC deputy director-general and chairman of BBC Worldwide, a new organisation which brings together the corporation's commercial and international activities, is clear on both the opportunities and their limits. "There is no plan to turn ourselves into a Time Warner or any of the great organisations like that. The aim is to build on assets produced for the domestic market and find ways of delivering them more effectively, packaged and presented in a different way," he said.

The BBC's commercial enterprises – which range from programme sales and magazines, such as the Radio Times, to videos and books – produced £66.6m to reinvest in programmes in the year to March – up 12 per cent on the year.

Over the next 10 years Mr Phillis believes it may be possible to increase that sum to £200m – a significant sum but still dwarfed by the licence fee, which last year raised £1.6bn.

Apart from regional television news there are no plans to produce programmes specifically for international markets.

The BBC will be monitored by the government to ensure that its commercial activities are not subsidised by either the licence fee or by the government grants that fund the World Service.

Under BBC Worldwide there are three separate directorates: BBC World Service for radio, television – bringing together both programme sales and international broadcasting – and publishing. This includes activities such as books, videos and magazines.

They will be organised into six regional groups: Europe; the former Soviet Union and south-west Asia; the Americas; Africa and the Middle East; south Asia and Asia-Pacific.

The expansion of World Service Television will be funded mainly through private partnerships such as the new Japanese and Middle East services, with the BBC providing the programmes and expertise and the private partner providing the capital. The service lost £5m last year but is expected to break even this year.

The next big step will be the launch before the end of this year of two satellite television services aimed at the European market – a news channel and an entertainment channel. Pearson, the media group which owns the Financial Times, is expected to put up a considerable proportion of the capital required. Investment will be on a project-by-project basis and will include other private-sector organisations.

The BBC also hopes to launch one or two channels on US cable networks next year and has talked to Cox, the Atlanta-based media group.

However, the BBC will face competition in areas such as international news from CNN, the US cable network, while English-language channels will face the problem of being minority channels in non-English speaking countries.

The BBC will also be examining new interactive services and the education and language tuition market.

Mr Phillis said: "There are all sorts of possibilities which we are just beginning to explore. The whole basis of our approach is the realistic, step-by-step taking of opportunities as and when they arise."

Raymond Snoddy

Heavy truck sales leap as construction recovers

By John Griffiths

Sales of heavy rigid trucks, used almost exclusively by the construction industry, leaped by two-thirds in the first half of this year, providing further evidence of accelerating recovery in a key economic sector.

Such vehicles represent the fastest-growing area of demand, in percentage terms, for truckmakers.

But recovery in commercial vehicle sales now covers "all sectors from light vans through to trucks and artics", according to Mr Roger King, spokesman for the Society of Motor Manufacturers and Traders.

He was commenting on SMMT statistics showing that total commercial vehicles sales in June jumped by 24.1 per cent, to 18,286 from 14,735 in the same month last year.

They lifted the total for this year's first half by 14.56 per cent to 111,370 compared with 97,217 in the first half of 1993.

The commercial vehicle market has now enjoyed six consecutive months of growth. Previously it had reported endurance of its steepest recession since the second world war.

Total sales plunged by 47 per cent between the record in 1989 of 370,000 and last year's 197,000.

The truck sector was worst affected, registrations of vehicles over 3.5 tonnes falling by 55 per cent between 1989 and 1992, when it hit a 40-year low of 31,000 units. It was the only commercial vehicle sector to rise last year, to 36,000 units.

Mr Chris Thorneycroft, marketing support director of truck market leader Iveco Ford Truck, said yesterday it should rise to about 42,000 in the current year.

However, the recovery is sucking in more imports. Their share of the market was 41.4 per cent in June, up from 38.3 a year ago, and 42.6 in the first half compared with the 1993 period which was 39.7 per cent.

Registrations of light vans (mainly derived from cars) jumped by 45.6 per cent last month, to 5,581 from 3,832 the previous June. Panel vans rose by 15 per cent to 8,098 from 7,038. Trucks over 3.5 tonnes rose by 22.8 per cent to 3,602 from 2,933.

UK COMMERCIAL VEHICLE REGISTRATIONS JANUARY-JUNE 1994

	Volume (Units)	Volume Change (%)	Share (%) Jan-Jun 94	Share (%) Jan-Jun 93
Total Market*	111,370	+14.6	100.0	100.0
Imports	47,469	+23.1	42.6	39.7
Small vans (up to 1.8 tonnes)				
Total	35,771	+17.3	100.0	100.0
Imports	13,855	+30.8	38.7	34.7
Ford	16,094	+12.5	45.0	46.9
Vauxhall (General Motors)	10,391	+7.9	29.0	31.8
Renault	2,269	+53.1	6.3	4.9
PSA Peugeot Citroen	1,986	+13.7	5.6	5.7
Rover (BMW)	1,675	+7.9	4.7	5.1
Medium vans & pick-ups (1.81–3.5 tonnes)				
Total	47,810	+11.7	100.0	100.0
Imports	18,221	+11.3	38.11	38.25
Ford	22,771	+4.4	47.6	51.00
LDV	5,304	+23.8	11.1	10.00
Mercedes-Benz (Daimler-Benz)	3,955	+91.1	8.3	4.8
Volkswagen	3,735	+21.4	7.8	7.2
Renault	2,730	+16.6	5.7	5.5
Nissan	2,073	+41.0	4.3	3.4
Vauxhall (GM)	2,057	+7.5	4.3	4.5
Toyota	1,717	-6.0	3.6	4.3
PSA Peugeot Citroen	1,712	-25.8	3.6	5.4
Trucks (over 3.5 tonnes)				
Total	19,705	+22.7	100.0	100.0
Imports	11,440	+53.4	58.1	46.4
Iveco group**(Fiat)	4,730	+7.5	24.0	27.4
Mercedes-Benz (Daimler-Benz)	3,610	+25.9	18.3	17.9
Leyland DAF (DAF Trucks)	3,354	+20.4	17.0	17.3
Volvo	2,525	+35.5	12.8	11.6
Scania (Investor)	1,600	+32.9	8.1	7.5
MAN	1,235	+42.4	6.3	5.4
ERF	1,100	+34.0	5.6	5.1
Renault	813	+39.7	4.1	3.6
Of which Heavy Trucks (over 15 tonnes)				
Total	11,308	+30.3	100.0	100.0
Volvo	2,284	+37.7	20.2	19.1
Leyland DAF (DAF Trucks)	1,697	+47.6	15.0	13.3
Scania (Investor)	1,600	+32.9	14.2	13.9
Iveco group**(Fiat)	1,565	+9.4	13.9	16.5
Mercedes-Benz (Daimler-Benz)	1,345	+20.5	11.9	12.8
ERF	1,100	+34.0	9.73	9.46
MAN	672	+28.2	6.0	6.0
Renault	459	+108.7	4.1	2.5

(names in brackets indicate ownership)
*Includes buses and light four wheel drive utility vehicles.
**Includes Iveco Ford and Seddon Atkinson.
Source: Society of Motor Manufacturers and Traders and Industry estimates

Scots power group attacked

By James Buxton, Scottish Correspondent

Scottish Power, the privatised utility which supplies southern Scotland, was yesterday criticised by its consumer watchdog for not passing on more of the financial benefits of privatisation to its customers.

The Southern Scotland electricity consumers' committee said that the 2 per cent reduction in Scottish Power's 1994-95 tariffs was little more than it was obliged to make to conform with the electricity regulator's formula.

The committee said it had urged Professor Stephen Littlechild, the industry regulator, to tighten the formula to "ensure that the financial benefits of privatisation be extended to the consumer in whose interests the industry has been privatised".

Professor Thomas Carberry, chairman, claimed that Scottish Power made a 41.5 per cent profit on the turnover of its electricity supply business in 1993-94. It said it expected Scottish Power's shareholders to be the main beneficiaries, but said it would be "prudent" if the consumers were also to benefit.

He regretted that the extension last year of competition in electricity supply to customers taking more that 100kw a year had led to only 4 per cent of Scottish Power's former customers switching suppliers.

Most electricity companies, he said, had "set out to corral their customers by offering discounts which . . . were modest". More effort should have been made to alert them to their freedom to choose their supplier.

Mr Duncan Whyte, Scottish Power's joint chief operating officer, rejected the committee's criticism. Tariffs had fallen 4.8 per cent in real terms since privatisation in 1991 and were among the lowest in the UK.

● British Coal has received £3.24m in government subsidies for coal sold to the power-generation companies over and above its long-term supply contracts. The subsidy arrangement was put in place after the 1992 coal crisis.

Gas regulator may act to widen competition

By Robert Corzine and David Owen

Ms Clare Spottiswoode, the gas industry regulator, will use her powers to introduce wider competition if the government fails to put forward legislation to deregulate the gas market.

She told the Financial Times she has the power to lower the present 2,500 therm-a-year threshold, below which British Gas is the monopoly supplier to a customer.

Parliament would still need to approve such a scheme, which would leave British Gas as the sole holder of a public gas supply licence.

Ms Spottiswoode was speaking as senior gas industry figures were stepping up pressure on ministers to renew their commitment to gas deregulation amid fears the timetable for introducing competition in gas supply may be slipping.

Legislation to pave the way for the reform is thought not to have been included in the list of core bills for the autumn agreed by the cabinet last week, raising the prospect the measure may not be placed before MPs until parliament's 1995-96 session. Such a delay would make it difficult for the passage of the bill to be secured in time to implement proposals to open 5 per cent of the gas supply market in 1996.

Mr Michael Heseltine, trade and industry secretary, unveiled the plan last December, saying the gas market should be opened up to full competition by 1998.

Ms Spottiswoode has urged politicians to "make some statements pretty fast" to counter the growing impression that government support for deregulation is fading.

She told the FT she was "not surprised" there could be problems in including a gas bill in the next legislative programme because of the complexity of some of the other bills being considered.

But she said any delay would need to be accompanied by a strong statement of support from a broad range of ministers in order to encourage independent gas marketers to make the necessary investments.

"It is very difficult for industry to live with the current uncertainty because they need to make early investment decisions," she said.

These include commitments to develop new North Sea gas fields as well as investment in the large-scale information technology systems which need to be in place before companies can compete in the domestic market of 18m households.

Ms Spottiswoode warned that any delay in legislation could cause companies to "lose heart" and withdraw from complex discussions to develop the detailed network code that will be "profoundly important" to the future structure of the industry.

If the threshold for allowing competition were lowered this would burden the company with all the industry's social obligations.

It would also limit the degree to which the corporation could restructure its operations, in effect barring it from divesting its trading operation for the transportation and storage business.

Royal assent for a bill could still in theory be obtained in time to permit the government's plans to go ahead on schedule even if it was not tabled until 1995-96.

But debating time at the start of the parliamentary year has become particularly scarce since the chancellor's annual Budget speech was moved to November.

£200m Manchester plan blocked

Out-of-town shops policy faces test

By Andrew Taylor and Ian Hamilton Fazey

Government resistance to out-of-town shopping centres is to be tested following a Court of Appeal decision to block a £200m development next to the Manchester Ship Canal.

Recent planning guidance issued to local authorities by Mr John Gummer, environment secretary, shows that the government has changed its attitude on the desirability of out-of-town centres since the development at Dumplington was given the go-ahead last March.

Local authorities opposing the scheme claimed that when planning permission was granted last year, following a public inquiry in 1988, Mr Michael Howard, then environment secretary, failed to take changed circumstances into account.

The authorities, led by Manchester City Council, told the court that evidence by Peel Holdings would increase traffic pollution and harm town-centre shops.

The court found that Mr Howard had failed to provide adequate reasons for granting planning permission. It concluded that his reasoning had been so unclear on a wide range of issues that he had either acted outside his powers or to the substantial prejudice of the objecting authorities. Both were grounds for quashing his decision.

However, it gave leave for an early appeal to the House of Lords, which Peel said it would take advantage of.

The airing of the issue could prove embarrassing to the Department of the Environment whose recent planning-guidance notes to local authorities discourages developments which require people to travel.

Mr John Adams, an associate partner specialising in retail developments at Drivers Jonas, chartered surveyors, said the most likely outcome would be a further public inquiry if the Lords reject the appeal.

He added that demand for retail space in the Manchester area would increase strongly over the next 10 years. A further inquiry would delay the development by up to another 18 months.

The share price of Peel Holdings yesterday fell 31p to 312p – a decline of 9 per cent. The 300-acre Dumplington site was the subject of a bitter three-year takeover battle for the Manchester Ship Canal won by Mr John Whittaker, chairman of Peel Holdings in 1987.

The canal company's separate Stock Exchange quotation was absorbed into Peel's last year after a blocking minority of shareholders – led by Mr Nicholas Berry – agreed to be bought out for £30 a share. Of that, £7 was in £1 negotiable loan coupons, redeemable on Dumplington's development, or in 1998, whichever came first.

Even if the company is eventually successful, it is unlikely it would be able to start building in 1997 as planned. This could have implications for the extension of Manchester's new tram system to Salford Quays, Trafford Park and eventually to Dumplington, which Peel was going to help pay for.

AT&T to be granted telecoms licence

By Andrew Adonis

Competition in the UK telecommunications market is set to intensify following an announcement by Mr Michael Heseltine, trade and industry secretary, that he intends to grant a telecoms licence to AT&T, the largest US operator.

A draft licence will be issued next week, and is likely to be followed by a full licence before the autumn, allowing AT&T to provide services throughout the UK.

The business sector, which last year accounted for more than half of the telecom industry's £15bn revenue, will be the main beneficiary. AT&T said it would offer a service to the 450 large multinationals based in the UK as soon as its licence permitted.

Mr Merrill Tutton, AT&T's UK president, said: "Our priority is the multinationals, but we intend to reach small and medium-sized businesses before long."

The licence will allow AT&T to build its own infrastructure, but with the growth in infrastructure provision since the abolition of the British Telecommunications/Mercury duopoly in 1991 it is thought unlikely that the company will seek to construct its own dedicated network.

Mr Tutton said: "There is a lot of high-quality capacity available, and we have been in discussion with most of the operators."

Mr Heseltine's decision follows a year-long consideration of AT&T's application by the Department of Trade and Industry. It turned largely on reciprocal terms of access for UK operators seeking entry to the US market, and follows the decision of US regulatory authorities last month to clear the $5.3bn (£3.5bn) alliance between BT and MCI, the second-largest US operator.

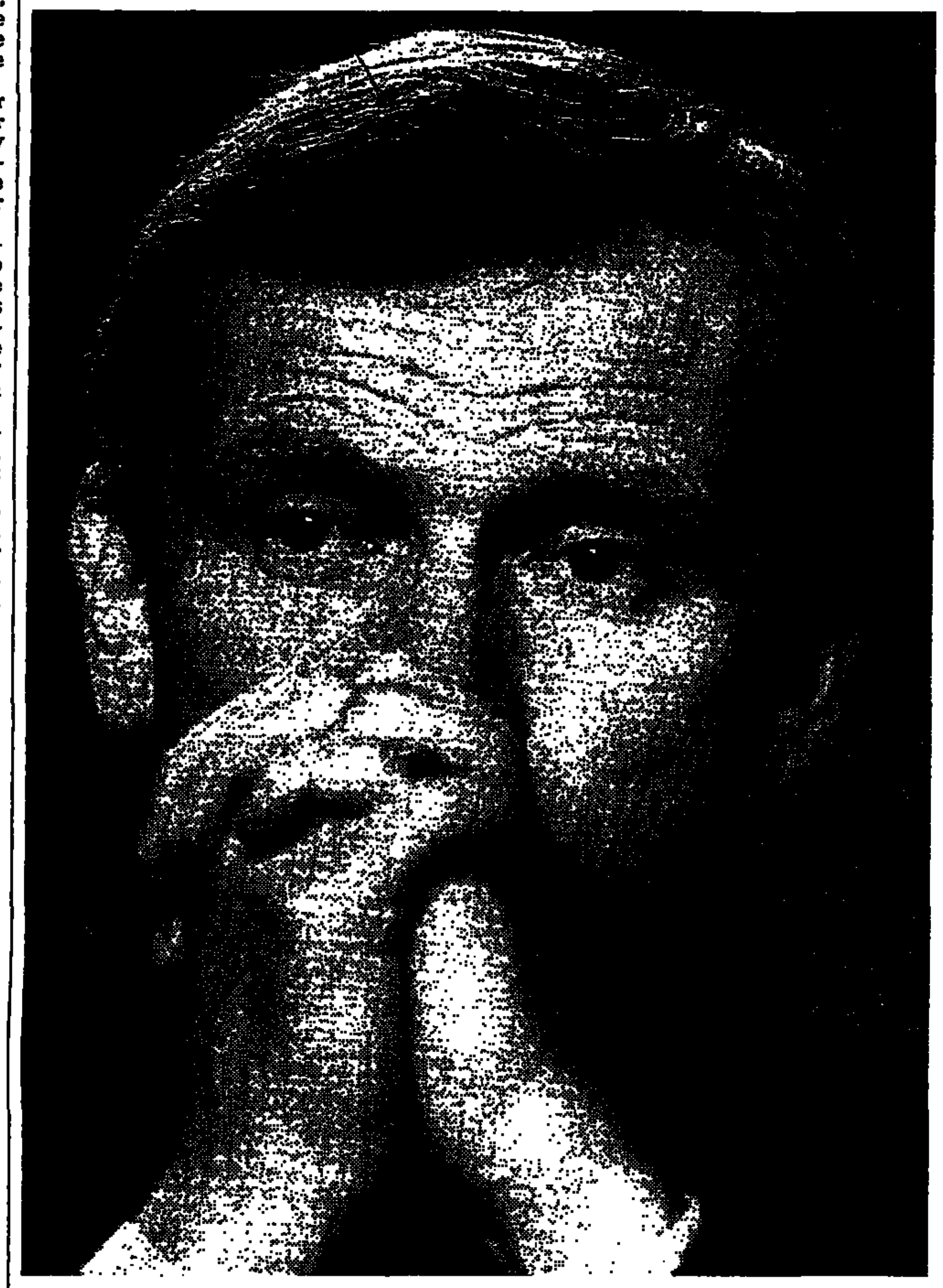
To allay concerns about AT&T's equipment procurement policy – the US company is an integrated equipment supplier and service operator – the draft licence is believed to require it to show that its procurement is fair and open.

AT&T already has a substantial presence in the UK, including more than 6,000 employees. Its Istel subsidiary supplies data communications and IT services, with offices across Europe. The appointment to the UK last year of Mr Tutton, formerly responsible for AT&T's consumer services in the US, signalled the company's desire to develop the UK market.

However, AT&T has failed to forge an alliance with a leading UK telecoms operator, which some analysts believe is essential if it is to make a rapid impact. Talks with Energis, a subsidiary of the National Grid about to launch a long-distance network, broke down earlier this year.

Mercury, the main competitor to BT, drew back last month from joining AT&T's Worldsource international venture, in spite of the decision of Unisource, a joint venture of the Dutch, Swedish and Swiss national operators, to join.

A survey of more than 1,000 UK corporate telecoms users last November by the Telecommunications Users Association rated AT&T above BT as a supplier. The users believed the US company had the "strongest set of credentials" to compete in the UK, and was rated above BT on three out of five performance indicators. Although user perceptions depended to some extent on reputation alone, the association said a large proportion of respondents had already dealt with the US operator.



Ashley Ashwood

Lord Archer's hopes of a government job following the cabinet reshuffle seem to have been dashed

DTI under fire for revealing Archer probe

By James Blitz

Senior Tory backbenchers were astonished yesterday that the Department of Trade and Industry had broken long-standing guidelines and revealed that it was investigating allegations of insider dealing against Lord Archer.

But while MPs struggled to understand the DTI's motives, there was general agreement that the revelations had probably scuppered any chance of the 54-year-old peer gaining a post in the prime minister's forthcoming reshuffle.

"The prime minister is back in the ascendant and the last thing he wants now is a whiff of scandal," said one senior backbench MP.

Lord Parkinson, the former Conservative party chairman and a former trade and industry secretary, said: "Certainly the timing could not have been worse from Jeffrey Archer's point of view and he must feel very aggrieved. It would be very difficult to promote him into a job with this hanging over him."

Sir Norman Fowler, the departing Tory party chairman, was among those insisting that Lord Archer should not be criticised before a judgment had been delivered.

He said: "The only point that has been confirmed is that an investigation is taking place. That does not imply guilt. It would be quite wrong if Jeffrey's reputation were to be harmed by this leak."

Others believed that Lord Archer's hopes of getting a government post had been modest all along, and that the latest revelations would make little difference.

"If the DTI's statement was an attempt to scupper Jeffrey's chances of the Tory chairmanship it was a waste of time," said a senior Tory official. "He really had no chance at all."

A potentially more serious problem for the government, however, was the pressure on Mr Michael Heseltine, the trade and industry secretary, to explain why he had decided to reveal that the peer was under investigation.

Mrs Teresa Gorman, Tory MP for Billericay, said the timing seemed "extraordinary" with a reshuffle near.

Another incensed rightwing Tory MP described the DTI's decision as "a breach of natural justice". He said: "I think it's outrageous. If Jeffrey Archer's comments are to be believed, there is simply no case against him."

But asked whether Mr Heseltine could be subjected to intense questioning over the issue next week, he said: "I can't see there is a mood for that. It will just be seen as poor old Jeffrey in more trouble rather than a problem for the DTI."

Lord Clinton-Davies, a former Labour industry minister, said it was "an extraordinary departure from practice" and "murky" to release Lord Archer's name when other people under investigation remained anonymous.

Go-ahead for £30m Belfast complex

Plans for a £30m leisure complex in the eastern suburbs of Belfast were yesterday granted outline planning permission by the Department of the Environment, Tim Coone writes.

The project, dubbed locally as "Ulster Disneyland", will be built on a 100-acre site surrounding the Dungannon Ice Bowl, already a leading leisure centre, and will be the biggest project of its kind in Northern Ireland.

It will include theme parks, "white-knuckle" rides, a golf course and driving range, adventure playground, parkland, water sports on an artificial lake, together with a hotel, shops and restaurants.

Mr Peter Robinson, deputy leader of the Democratic Unionist party and a member of Castlereagh Borough Council, which will be part-funding the project, welcomed the planning decision.

Most of the project finance is to come from European Union structural funds and private-sector developers.

Sports Council functions split

The Sports Council is to be replaced by separate bodies for England and the whole of the UK, Mr Iain Sproat, sports minister, yesterday told MPs.

Mr Sproat said that the UK Sports Council would concentrate on bringing international sporting events to Britain, while the English body would seek to cut bureaucracy and provide more help at the grass-roots.

Data protection to be tightened

Moves to tighten the law on people who try to obtain computerised information by deception have been announced by Lord Ferrers, Home Office minister.

Anyone who gains unauthorised access to computerised personal data by trickery would face an unlimited fine under proposed amendments to the criminal justice bill.

Criminal records to go on computer

The Home Office yesterday awarded PCL Group, the information technology company, a contract to put more than 3m criminal records on the Police National Computer.

The criminal justice record service, called Phoenix, will give the police instant access to details of people who have been convicted of an imprisonable offence.

The records are currently held on microfiche.

Plans for hostel licensing system

The government is to hold consultations on proposals to introduce a licensing system for houses in multiple occupation, Sir George Young, housing minister, announced yesterday.

In answer to a question from Mr Roger Gale, MP for Thanet North, he said: "The government is aware of the continuing concern about the number of hotels in resort areas which are operating as benefit hostels and of the wider concern about safety standards in all houses in multiple occupation."

Insurer reviews 'unfair' reference

By Peter Marsh

Standard Life, the insurance company, is reviewing a negative reference it issued for one of its former sales agents after the document led to him losing his new job.

The review follows a complaint to the company by Mr Matthew Lacey that the reference was unfair and based on false information.

Mr Lacey was sacked from Scottish Widows, another insurance company, last December, after the company received the reference in confidence from Standard Life.

Standard Life decided to reconsider the reference ahead of this week's ruling by the House of Lords that employers have a duty to take reasonable care in issuing references.

The judgment clears the way for people to sue their former companies on the grounds of negligence if they believe incorrect references have damaged their ability to work.

Standard Life, based in Edinburgh, said yesterday: "We have contacted Mr Lacey and are still examining the case." It said its normal policy was to give people "fair and honest" references. It was difficult to say what relevance the ruling had in this case.

Mr Lacey said: "My main aim is to clear my name so that if I want to I could work in the insurance industry again." He had been distressed to lose his job at Scottish Widows and was studying the legal implications of the affair.

Mr Lacey worked for Barton Lyle, a London-based company which sells life products and pensions on behalf of Standard Life, until last autumn.

He then moved to Scottish Widows where he worked for just two months until he was sacked after the company received the reference, based on information from one of Mr Lacey's former clients inferring he had behaved unethically. The former insurance agent is now working as a funeral operative for a company in London.

Mr Duncan MacKechnie, assistant general manager at Scottish Widows, said the company had had little option but to sack Mr Lacey after it received the reference. This was because of life-industry regulations designed to ensure that sales agents who had behaved unethically in previous jobs would not be allowed to work in the industry. The company said yesterday it could not comment further on the implications for Scottish Widows of the Standard Life review.

Westminster left with series of puzzles

The week started with Lord Archer looking forward to a long-awaited return to the Conservative political establishment. It ended with his hopes of preferment in Mr John Major's ministerial reshuffle apparently in ruins.

Westminster meanwhile was left last night with a series of puzzles.

Conspiracy theorists focused on the decision by the Department of Trade and Industry to break with precedent and confirm that Lord Archer was indeed the subject of an investigation into alleged insider dealing. Had it deliberately ruined his chances?

Others wanted to know why 10 Downing Street had not moved to quell the mounting speculation in recent weeks that Lord Archer was at last to be rewarded for his years of dogged performances before the Tory faithful.

Then there was the question of why Lord Archer himself had seemed so confident that his time had come. Those who have spoken with him in recent weeks have not been left with the impression of a man fearful of the future.

In retrospect it is clear that the flamboyant novelist and Tory peer would not have been offered a job by Mr Major – least of all the chairmanship of the Conservative party which he coveted.

The prime minister has known since February that Lord Archer was one of the subjects of an inquiry into share dealings in Anglia Television before its takeover by the media conglomerate MAI. Mr Major could not have given him a post until the investigation was completed.

The judgment of political friends was that Lord Archer will eventually be exonerated. No one except a handful of inspectors in the DTI actually knows whether they are right – and their investigations are incomplete.

Lord Archer has done some less-than-sensible things during his 25 years in the limelight. But he is judged by friends and enemies alike as fundamentally honest. He has at least £20m in the bank and as much again promised for his next batch of novels.

So there was no obvious reason why he should throw away his reputation by dealing himself or passing on tips on the basis of inside information. Nor is Lady Archer an obvious candidate for the role of secrets trader from the Anglia boardroom. Yesterday Lord Archer decided to say nothing to the journalists staking out his Thameside penthouse apartment. But his demeanour over previous days had suggested he was convinced the investigation would not prevent him from being given a job in the government.

Yesterday the DTI appeared unable to explain convincingly why – with the explicit approval of Mr Michael Heseltine – it had so publicly dashed that dream. The most likely thought offered by officials was that if the department had refused to confirm reports already circulating in the City, the government would have been accused of a cover-up. Mr Major could not afford another "sleaze" story.

Equally, it would have been entirely improper for the prime minister's office to have discussed the investigation – or its implications for the reshuffle – with Lord Archer.

It is a cliff-hanging ending. The question is whether the result of the DTI probe will come before or after the reshuffle.

Philip Stephens

European plug plan 'puts 1,350 jobs at risk'

By Andrew Baxter

Britain's largest maker of electrical plugs and sockets warned this week that the adoption of European standards would mean a "dramatic shift" to Far East production, with the possible loss of 90 per cent of its 1,500 UK manufacturing jobs.

Mr Malcolm Mullins, technical executive of MK Electric, told a meeting of the Institution of Electrical Engineers that another option for the company would be to stop plug production altogether.

Unless the UK applies for an exemption, the system of 13-amp plugs and sockets is under threat from a proposed "plug for Europe" with two round pins.

Documents describing the new system will be sent in September to 18 European countries and will be voted on standards authorities.

Record exports help trade gap fall to £803m

By Philip Coggan, Economics Correspondent

The UK's visible trade deficit declined sharply to £803m in April, from £1.21bn in March, according to figures released by the Central Statistical Office yesterday.

However, half the reduction was due to an improvement in trade in erratic items, such as precious stones and aircraft. If oil and erratics are excluded, April's deficit was £1.46bn, only slightly down from March's £1.53bn.

Exports rose by 2.5 per cent between March and April to reach a new record of £11.09bn, while imports fell 1 per cent to £11.89bn.

Over the three months to April, the deficit was £2.93bn, compared with £3.7bn in the previous three months.

The opening of new fields in the North Sea has boosted oil production in recent months and helped the UK achieve a £408m surplus in oil in April, the highest monthly figure since August 1987. Exports of food, beverages and tobacco and of fuels reached record levels in April.

The CSO estimates that the trend in both exports and imports is a rise of 1 per cent a month, with the deficit narrowing. The trend in volume terms is favourable for the UK, with exports rising by 1¼ per cent per month, and imports by 1 per cent.

Analysts gave the figures a cautious welcome. Mr Simon Whitehouse, of James Capel, said that while it was "encouraging that the underlying deficit at least remained stable in April a marked deterioration is in prospect over the coming months as UK domestic demand growth continues to outpace that in our major European export markets".

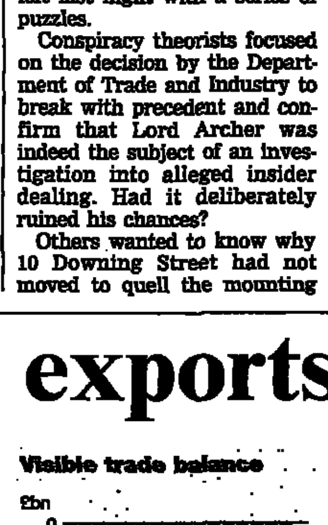
The UK's trade figures are now compiled using two different methods. Trade with non-European Union countries is calculated from customs returns, as before. The figures for trade with non-EU countries in May have already been published.

Trade with EU countries is gathered under the Intrastat system, based on value added tax returns, and takes longer to assemble. Hence yesterday's published figures for whole world trade relate only to April. Doubts have been raised about the accuracy of the Intrastat system, particularly when it comes to recording imports.

The deficit with EU countries in April was £310m, down from a revised £527m in March. Exports to the EU in April were at record levels. The CSO said that growth was particularly strong in the Benelux countries.

Imports from the EU fell in April. However, EU imports in the three months to April were 4.8 per cent higher than in the previous three months. The CSO said that about half of the recent growth in EU imports came from Germany.

Revisions to figures in the first three months of the year increased the deficit with EU countries by £89m, the CSO said.



Source: CSO

TRADE WITH COUNTRIES INSIDE AND OUTSIDE THE EU
Balance of payments basis (£m seasonally adjusted)

	Exports			Imports			Visible balance				
	European Union	Countries outside the EU	Whole world	European Union	Countries outside the EU	Whole world	European Union	Countries outside the EU	Whole world	Invisibles balance	Current balance
1992	60,365	46,682	107,047	64,022	56,431	120,453	-3,657	-9,749	-13,406	2,867	-10,539
1993	63,610	57,329	120,939	67,790	66,789	134,619	-4,229	-9,460	-13,680	2,799	-10,881
Q2	15,502	14,168	29,569	16,681	16,399	32,990	-1,179	-2,151	-3,330	-126	-3,456
Q3	16,185	14,441	30,629	16,924	16,881	33,805	-738	-2,440	-3,176	1,191	-1,985
Q4	15,496	15,161	30,657	17,353	16,883	34,236	-1,857	-1,722	-3,579	1,525	-2,054
1994 Q1	16,922	15,303	32,225	17,954	17,429	35,383	-1,032	-2,126	-3,158	2,402	-756
1993 Dec	5,107	5,057	10,164	5,872	5,704	11,576	-765	-647	-1,412	n/a	n/a
1994 Jan	5,684	5,065	10,749	5,928	5,848	11,776	-244	-783	-1,027	n/a	n/a
Feb	5,501	5,173	10,674	5,762	5,830	11,592	-261	-657	-918	n/a	n/a
Mar	5,737	5,065	10,802	6,264	5,751	12,015	-527	-686	-1,213	n/a	n/a
Apr	5,885	5,206	11,091	6,195	5,699	11,894	-310	-493	-803	n/a	n/a
May	n/a	5,080	n/a	n/a	5,847	n/a	n/a	-767	n/a	n/a	n/a

Source: CSO

£1.5m libel award against magazine

An award-winning boat designer, his wife and their company yesterday won £1.485m libel damages in the High Court over a trade magazine article and editorial comment on their revolutionary Planesail trimaran design.

The amount is the second highest jury award in England after the £1.5m awarded to Lord Aldington over allegations about his war conduct.

Mr John Walker, his wife Jean and Walker Wingsail Systems, based in Devonport Royal Dockyard, Plymouth, Devon, sued Yachting World, published by IPC Magazines. The magazine, which also faces costs, denied libel and has said it will appeal.

Council watchdog

Mr Edward Osmotherly has been appointed by Mr John Gummer, the environment secretary, as chairman of the Commission for Local Administration in England, the local government ombudsman. Mr Osmotherly, who is one of the three local commissioners, will succeed Sir David Yardley, who retires in October.

FINANCIAL TIMES

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Japan turns the corner

What should be said to a country *generous enough to provide* its trading partners with goods and services worth $416bn more than it demanded in return, between 1989 and 1993? A hearty "thank you" would seem a good start.

No Japanese politician or official, not even one as inexperienced as the new socialist prime minister, Tomiichi Murayama, expects this from leaders of the other members of the Group of Seven leading industrial countries in Naples this weekend. What he can expect, instead, is a mixture of whining complaint with grudging approval of his country's efforts to reduce the amount it invests abroad. President Clinton's support for Japanese plans to stimulate the economy and increase imports at least falls into the latter category.

US policymakers seem to have learnt some lessons since the bond markets started tumbling. A country expected by the OECD to run a current account deficit of $141bn this year needs to be careful when *insulting the only significant* exporter of capital. These deficits may be only 2.1 per cent of US gross domestic product, but they are large in the context of global capital flows.

The realisation of US vulnerability to a Japanese investor strike is presumably why US treasury secretary Lloyd Bentsen said yesterday in Naples that "we do want to see a strong dollar". The concern is not idle.

The "basic balance" in the Japanese balance of payments, which is the sum of the current account and net long-term capital flows, was an almost incredible $82bn in the first three months of 1994. *This has had to be recycled* through short-term private capital flows and official foreign exchange *intervention.*

It is hardly surprising that the yen has risen. Neither is it sur*prising that Japanese foreign* exchange reserves have risen sharply, just as they did after the Louvre accord in February 1987, by $34.5bn between March 1993 and April 1994. This is a measure of the efforts of the Japanese to support the US dollar.

Economic damage

However bitter the US complaints about Japanese trade policy, the administration has recognised the extent of US-Japanese economic interdependence. Goldman Sachs argues in a recent paper that even if the entire US bilateral trade deficit with Japan of $60bn were to be eliminated, the net increase in the US wage bill would probably not be more than $7bn a year, a mere *0.2 per cent of* US personal income. The damage done to the US economy by a collapsing dollar-yen exchange rate *and soaring domestic interest* rates, as Japanese investors retreat hurt, is certain to exceed that by a considerable margin.

Japanese investors are indeed hurt, since the yen has been revalued by 14 per cent against the dollar since the beginning of the year. Such a revaluation entails a substantial decline in the domestic value of dollar-denominated assets. Furthermore, the rising yen endangers the Japanese recovery, *by punishing an industrial* sector whose output in May was still 12.8 per cent below its peak of three years earlier.

Sensible policy

The sensible policy is to let the forces of recovery and balance-of-payments adjustment work their way through the Japanese economy. One such force is the effects on liquidity of the intervention in *foreign exchange markets.* Another is the more positively sloping yield curve. The gap *between interest rates on three-*month money and 10-year bonds is now just over 2 percentage points, double what it was earlier in the year. This will help financial institutions, weighed down by bad property loans, to recapitalise themselves, on lines pioneered in the US by the Federal Reserve.

Above all, there are signs of a consumer-led return to economic growth. In the first quarter of 1994 consumption grew at an annualised rate of 5.8 per cent, driving an annualised increase of 3.9 per cent in gross domestic product. The remarkable ability of Japanese companies to sustain employment during the recession is bound to help sustain consumer confidence, while the improvement in Japan's terms of trade boosts their pur*chasing power. Provided Japan's* internationally exposed companies are not punished by further rises *in the yen and it does not imple*ment its planned tax on domestic consumption soon, the recovery should gather in strength.

Meanwhile, export volume did not rise at all between January 1991 and January 1994, while imports rose 9 per cent. Domestic demand-led recovery should stimulate imports further and bring about a significant reduction in the trade surplus. Also pressing Japan in that direction is its surplus on investment income, which reached $41bn in 1993, almost a fifth of total imports.

The Japanese should continue to support the dollar and push import liberalisation, in the interests not only of their consumers, but also of export-oriented manufacturing. As for the US, it needs *to cool its rhetoric and let political* and economic forces bring about the changes in Japan that it seeks.

Something is rotten . . .

FT writers with tales of corporate embarrassment across Europe

Something is awry in the soul of corporate Europe. This is the conclusion that can be drawn from headlines this week with disconcerting implications for European boardrooms.

Blue-chip groups in several countries have been caught up in allegations of malpractice, casting a shadow over share prices and corporate images across the continent.

The reality, however, is not that leading companies in Germany and France – at the centre of this week's episodes – have been suddenly infected by the corruption endemic in Italy during the past decade.

*Rather, a combination of circum*stances – a long and severe recession, a changing relationship between government and business and a less forgiving climate in the media and among the judiciary – has conspired to bring wrongdoing into the open. Mr David Roche of International Strategy, the London-based analysis group, says: "Europe has been too cosy. Now the cold winds are blowing. Stones are being turned up and we're finding lots of maggots underneath."

The most recent business scandals have occurred in continental *Europe. But the UK, where the* recession came earlier, is by no means immune. In contrast to the Continent, the central figures in large British corporate misdoings in recent years – the collapse of the Robert Maxwell empire, the Bank of Credit and Commerce International, and Polly Peck International in the early 1990s – have often been "outsiders", not members of the business establishment.

Mr Ian Huntingdon, a partner *with KPMG Peat Marwick,* the accountancy firm, suggests one reason why scandals directly involving *top company figures are less preva*lent in the UK is because management controls are more efficient, partly because of growing emphasis on non-executive directors.

Mr Dieter Schweer, company news editor at the German economic weekly, Wirtschaftswoche, points to the importance of the sharp German recession in 1992-93 in casting a spotlight on impropriety: "The [economic] crisis means that weaknesses have become obvious. Skeletons which you used to be able to hide in the balance sheet are now on view."

Mr Volkert Klaucke, managing partner at the Mees Pierson merchant bank in Frankfurt, underlines the change of mood in management and in the press. "What has changed is the way fraud is handled. *In the past, it would have been* covered up." The change reflects, he says, "the increased aggressiveness of the press" as well as "a more open corporate culture" in Germany, as younger people ascend the corporate ladder.

More rigorous attitudes seem to have been spurred by the uncovering, over the past three years, of widespread illicit ties between Italian politicians and business. As Le Soir, the Belgian daily paper, put it in a front-page editorial on Thursday, the political and business scandals in Belgium "reflect a new era, in which judges no longer hesitate to question the most powerful as well as the most humble". Mr Elie Cohen, a Paris university professor, says: "Judges now feel free to investigate companies, while before they felt it was impossible."

Mr Rolf Breuer, chairman of the German Stock Exchange and a director of Deutsche Bank, warns about drawing sweeping conclusions from the reported spate of *misdeeds. "In Italy, Spain and now in France, management were* involved in corruption, for example bribing civil servants. This is not comparable with *our crop of scan*dals in Germany."

However, whatever the reasons for the recent revelations, business is on the defensive. Mr Jacques Friedmann, chairman of Union des Assurances de Paris, the insurance group, untouched by recent affairs, says: "You must not put all of these cases together. They are all separate affairs and, when you look behind these cases, the issues seem quite small. One cannot infer that *there is something rotten in the* state of France."

Nevertheless, a common economic and political thread joins many of the cases that have emerged recently. They can be separated into three broad categories:

● Cases where charges against leading business personalities have yet to be laid, let alone proven, but have still caused embarrassment.

On Monday, Mr Pierre Suard, chairman of Alcatel Alsthom, France's third-largest industrial company, was held for more than 12 hours by magistrates investigating *alleged misuse of* corporate funds. Mr Suard, formally placed under investigation, was freed on bail of FFr1m (£110,000) early on Tuesday. He has denied any wrongdoing, and describes the investigation as "a banal non-event".

Mr Suard's detention followed the imprisonment in Belgium for 12 days during May of Mr Didier Pineau-Valencienne, chairman of France's Schneider electrical group. He was been freed on bail, but remains under investigation for alleged fraud concerning two Belgian subsidiaries. He denies the accusations. *Schneider has* described his treatment in Belgium as "outrageous".

In another controversial case, Mannesmann, the large German engineering company, on Wednes*day decided not to elect Mr Werner* Dieter, its outgoing chief executive, as chairman of its supervisory board. The Düsseldorf state prosecutor this week started investigating alleged fraud by Mr Dieter, who is said to have forced a Mannesmann subsidiary to buy hydraulic accessories at inflated prices from another company largely owned by the Dieter family. Mr Dieter said yesterday the allegations were "grotesque".

● Cases of corruption or malpractice that have been under investigation for some time, but have now reached or are approaching a public *dénouement.* On Wednesday, Mr Alain Boublil, former chief aide to the late Mr Pierre Bérégevoy, the former French finance minister and prime minister, was sentenced to two years in jail (one suspended) as a result of his conviction in an insider trading scandal dating back to 1988.

On Wednesday, Belgian investigators laid fraud charges against the *general manager of SMAP, the country's third-largest insurance* company, as well as his predecessor and a Swiss insurance executive. This *stems from* long-running investigations into alleged illegal transactions at SMAP, including those linked to defence contracts.

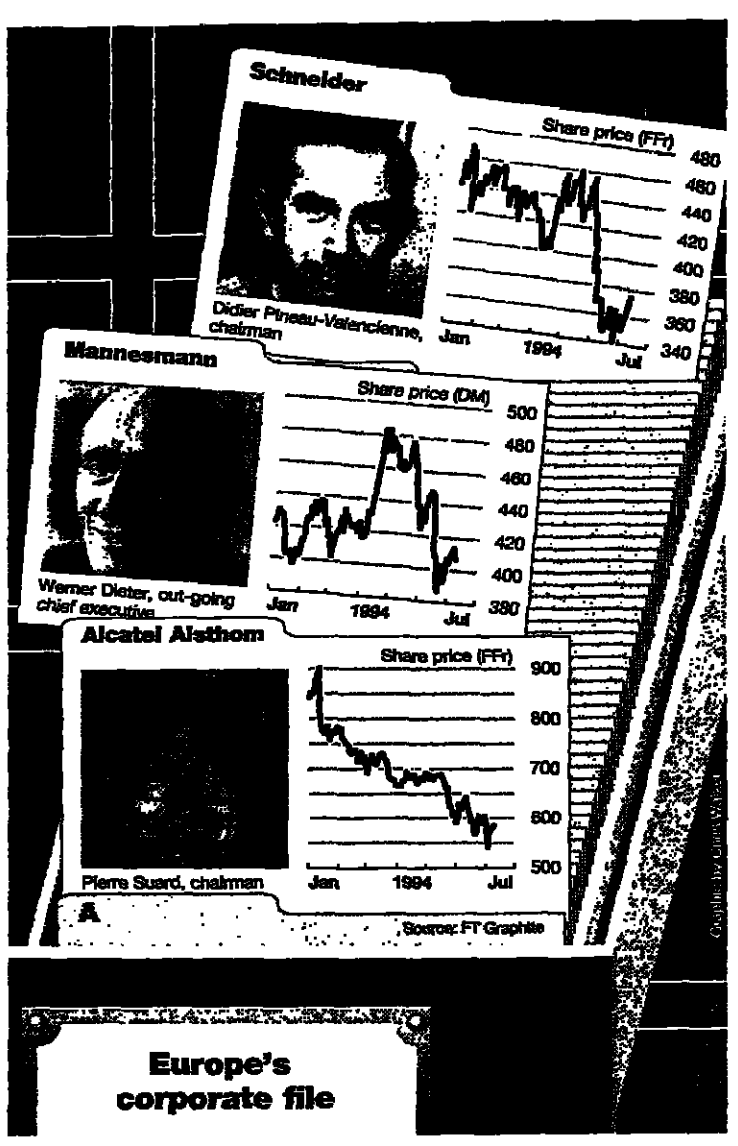
On Tuesday, a Milan court began a trial linked to L150bn of bribes allegedly paid to political parties by the Ferruzzi-Montedison industrial group. The 32 defendants include Mr Bettino Craxi, the former prime minister, Mr Umberto Bossi, the founder of the Northern League, Mr Berlusconi's main coalition partner, and several of Montedison's former top executives.

'Cold winds are blowing in Europe. Stones are being turned up and we're finding lots of maggots underneath'

● Cases where top European corpo*rations, although not suspected themselves of acting improperly,* have made serious errors in dealings with clients guilty of misdeeds. On Monday, Deutsche Bank announced the resignation of four senior executives following the publication of a critical auditor's report into the bank's lending to the now-bankrupt Jürgen Schneider property group.

Deutsche Bank has faced unusually widespread criticism over the near-collapse at the end of last year of the Metallgesellschaft metals group, in which Deutsche is a big shareholder. After Metallgesellschaft's US trading subsidiary suffered large losses in oil futures markets, Deutsche Bank accused Mr Heinz Schimmelbusch, the group's former chief executive, of withholding information from the supervisory board – a charge he refutes.

The Frankfurt banking community has also been hit by a scandal centred on Balsam, a Bielefeld-based sports flooring manufacturer. Four members of the Balsam board were arrested last month *after its* finance director confessed to a complex fraud involving Procedo, Ger*many's largest factoring company.*



Mr Breuer of Deutsche Bank admits *that the three cases* throw up a common question: "Why didn't we detect them [the problems] ear*lier?" But he also points to* differences. "The Metallgesellschaft case was caused by management not tell*ing the truth early enough* [about losses in the oil derivatives business]. Balsam was caused by a crook, and Schneider was a crook too. So do these three cases tell you a story? I doubt it . . . There are crooks everywhere."

However, Mr Adolf Rosenstock, chief economist at the Industrial Bank of Japan in Frankfurt, says the repercussions go deeper. "The companies came to grief because someone at the very top did something criminal or half-criminal." He worries about German managers' lack of self-criticism. "It is almost as though people do not dare ask the difficult questions for fear of bringing down the system."

Across Europe, investigations into business malpractices are proceeding at diverging paces. In Spain, long-standing *inquiries* into financial scandals involving the ruling Socialist party seem to have picked up momentum. The judge investigating alleged illegal financing of the Socialist party in the late 1980s has recently questioned the ex-chairman of Banco Central Hispano, one of the country's biggest private banks, over a £1m payment supposedly routed to the party.

In France, the impression of an accelerating anti-corruption campaign has been heightened by the investiga*tions into the business affairs* of Mr Bernard Tapie, the Marseilles businessman and MP.

In May, Mr Thierry Jean-Pierre, a former French magistrate, published a "black book" alleging widespread malpractice in politics and business life. In France, corruption "which in the US or the UK would immediately send a politician into a distant retreat" is tolerated, he claimed, as part of "our national folklore".

One prominent French lawyer links the surge in investigations to the diseapparance of "the old administrative *Jacobin society*". He says French magistrates have undoubtedly been influenced by *Italy's anti-corruption drive.*

In Italy, on the other hand, after the upheavals of the past few years, *the business community* has now started to talk about bribery scandals in the past tense. Magistrates investigating corporate bribery cases are taking a lower profile, and Mr Silvio Berlusconi's government is examining ways to clear the backlog of cases, without exonerating the guilty. The proposals, not yet agreed, could include a form of plea-bargaining linked to the repayment of bribes.

Mr Sergio Duca, partner with the Italian offshoot of accountants Price Waterhouse, says Italy's business community could set an example for others. "Some people are starting to say we [the Italian business community] should regain a bit of credibility, because we were able to turn round, whereas other countries haven't yet done it."

Mr Duca's assessment looks over-optimistic. Yet it underlines that, in the league table of European business misdeeds, Italy no longer enjoys natural predominance.

Report by David Marsh and Andrew Jack in London, John Ridding and David Buchan in Paris, David Waller in Frankfurt, Michael Lindemann in Bonn, Andrew Hill in Milan, Emma Tucker in Brussels, Tom Burns in Madrid

MAN IN THE NEWS: ***Dr Sandy Macara***

The doctor's distress call

Sandy Macara and Mark Santer are not household names. Many people, even *after being told that one is* chairman of the British Medical Association council and the other the bishop of Birmingham, would have difficulty deciding which was which.

The difficulty will have been increased for casual newspaper readers this week with Santer (the bishop) attacking the "distressing defects of the market model" in the government's health reforms, and Macara (the doctors' leader) addressing his members on the need to be positive in the face of despair and heal an unhappy society.

Health ministers await the British Medical Association's annual conference with mounting feelings of discomfort, because it provides the medical profession with an annual opportunity to win valuable public*ity in its ongoing battle with the* government over the 1991 National Health Service reforms.

This year, the government suffered damage before the conference even started. At the eve-of-conference evensong in Birmingham Cathedral on Sunday the bishop – whose wife Henriette is a clinical psychologist who chairs an NHS trust – delivered a sermon criticising the reforms.

When the conference convened the next day, delegates adopted a resolution congratulating him for emphasising the "moral principles on which the NHS should be based". By the time Mrs Virginia Bottomley, health secretary, was on television trying to explain away the bishop's remarks, the BMA was claiming the moral high ground.

Dr Macara, to whom *the style of* the pulpit comes as easily as it does *to most bishops,* continued the moral tone in his opening address to the conference. "I give you a text *for today from Milton's Paradise* Lost," he told delegates:

"What reinforcement we may gain from hope;
If not, what resolution from despair."

The BMA chairman also found room for more earthy language. Doctors were being forced to serve a perverse philosophy of winners and losers. A new breed of *NHS* manager worked by confrontation, intimidation and even telephone bugging. Misleading information was peddled to distract patients' attention from real needs.

This sermon, delivered to a conference audience rather than a cathedral congregation, was greeted with applause and Macara received a noisy standing ovation. *It* was a striking achievement by a man who had never seemed destined to *occupy the position of chairman* because he was outside the association's immediate hierarchy.

When the NHS changes started to come into effect in 1991 Mr Jeremy Lee-Potter, an urbane surgeon who was then BMA chairman, sought to repair the association's relationship with the government, estranged by a long and bitter BMA campaign against the reforms. But many doctors remained opposed to the changes; to some BMA members, Lee-Potter's hand-shaking with ministers soon came to look like hand-wringing and abandonment of opposition to the restructured NHS.

By last year's conference, there were calls for a challenge to Lee-Potter. Dr Macara, who chaired the annual conference, was sufficiently well-known to mount it, yet suffi*ciently distant from Lee-Potter's* immediate colleagues in the BMA

leadership circle to do so with decency. He ran for chairman of council, and won.

Dr Macara, a 62-year-old public *health specialist at Bristol* University, acquired his belief in the importance of the universal state health service from his experience of the effects of poverty when working as a young doctor in Glasgow.

Some colleagues were concerned that Macara's passion for the old-style NHS, and the florid, idiosyncratic style in which he sometimes expresses it, might create hostages to fortune that the government would use against the BMA. He has certainly attacked the reforms with an intensity that never became the diffident Lee-Potter; but he has also insisted that the BMA must argue from a well-researched position, and accepts that the best tactic is to look for step-by-step changes rather than total revolution.

His strength comes from the fact that most *doctors* are still deeply unhappy about aspects of the NHS reforms. Many doctors specialise in trying to ride the three horses of public, professional and personal interest so closely together that the naked eye cannot tell them apart. Their patients do not always appreciate that, as well as being the doctors' professional association, the BMA is their trade union. It is currently moving into battle against government plans to introduce performance-related pay for medical *staff, and this week's debate on the* subject could have been taking place at any trade union conference – except that the objections were voiced in the language of professional and public concern. The tactic often infuriates ministers.

Macara's criticisms are often echoed whenever doctors discuss the reforms. The inaugural address of Professor David Morrell, this year's BMA president, did not contain the ornate allusions of either the Macara or Santer addresses, but the same messages were there. "There is, I believe, a very real risk that some members of our profession will be lured into market-place medicine. There will be lucrative *rewards for those who respond to* the demands of management and redundancy notices for others."

Is the criticism hitting home? Although Mrs Bottomley's detractors accuse her of undermining the NHS, she is, like Macara, a passionate admirer of the health service. If she leaves her post in next week's expected cabinet reshuffle, she will depart wondering why she was unable to dilute criticism of the reforms.

Part of the explanation is that, while the BMA's long campaign did not succeed in dislodging the government from its policy path, it may have undermined the credibility of the reforms in the eyes of doctors and the public irreparably. Macara declared at the conference this week that the BMA was determined to reform the reforms. It might yet.

Alan Pike

Northern cool in the Neapolitan heat

Robert Graham on the first 50 days of G7 host, Berlusconi

Like any fellow Milanese businessman, Mr Silvio Berlusconi, the Italian prime minister, must have regarded the prospect of hosting the G7 summit in Naples with unease.

The cheerful anarchy and decadence of the city is anathema to the hardworking northerners.

The clash of cultures was evident from Mr Berlusconi's pre-summit press conference in the 17th-century Palazzo Reale, where the main meetings are being staged this weekend. Immaculately groomed and with a perfect tan, in almost any other setting Mr Berlusconi would have looked impressively cast as the New Age prime minister, representing a country that prides itself on its public appearance. But in the baroque splendour of the Bourbon monarchs' private theatre his modern image looked out of place.

The humidity has been trying for hosts and guests alike. It made Mr Berlusconi look uncomfortable when he was forced to dab at the sweat on his forehead with a handkerchief. Left to his own devices, Mr Berlusconi would probably have opted to organise the summit elsewhere. However, he inherited the decision made by Mr Carlo Azeglio Ciampi, the previous prime minister. Mr Ciampi chose Naples out of central government guilt for decades of neglect towards the former capital of the kingdom of the two Sicilies.

Though hosting a party he did not organise, Mr Berlusconi clearly intends to make the most of the opportunity to launch himself on to the world stage. His media background should stand him in good stead. Those who know him attest to his charm as a host, which should ensure his guests at the meeting of the seven leading industrial nations – plus Mr Boris Yeltsin, the Russian president – feel relatively at ease.

Yet if Mr Berlusconi can reap easy publicity from the occasion, it will not hide the widening gap between the image and reality of the new regime in Italy. The Naples gathering occurs when his right-wing coalition is showing signs of wear and tear – after only 50 days since the parliamentary vote of confidence which in effect launched the Berlusconi administration.

On Thursday a cabinet meeting – expected to approve the outlines of macroeconomic policy and agree on a bill to settle the sensitive issue of providing a form of amnesty for the hundreds involved in corruption scandals – was too divided to decide anything. The three-man team of economic ministers failed to win any advance commitment from Mr Berlusconi on the introduction of austerity measures in the 1995 budget to hold the deficit below 10 per cent of gross domestic product. Rumours of resignations flew at high velocity, and Mr Berlusconi decided to cool tempers by going to the summit early instead of attending the cabinet session.

Berlusconi (right): on the world stage with leaders such as President Clinton AP

But even in Naples he was caught by talk of resignations. He was obliged to take the embarrassing step of interrupting a press conference, at which he had just extolled the achievements of his government, to deny market rumours that his economic team was resigning. The markets seemed to be worried by the absence of an agreed economic policy statement and by disputes within government over the harshness of the measures to be imposed on Italians, to whom Mr Berlusconi had promised lower taxes and more jobs.

But the rumour mill was fuelled by genuine threats to resign from Mr Alfredo Biondi, justice minister, and Mr Giuliano Urbani, civil service minister. Mr Biondi was angered by the cool reception from within the government coalition for his proposals to find a political solution to the corruption investigations. Mr Urbani, one of Mr Berlusconi's ideologues, was incensed by the way his colleagues in Forza Italia had drawn up a proposal without consulting him to reform the electoral law. The proposal envisaged every seat in parliament being covered by the first-past-the-post system in the next election, instead of the current 75 per cent. Mr Urbani favoured a second-round run-off, and believed the reforms were being unnecessarily hurried.

These tensions serve to highlight three unsettling aspects of the new administration: its inexperience; Mr Berlusconi's apparent reluctance to take decisions; and the heterogeneous nature of the coalition.

Of the three, inexperience is arguably the least important, although it may initially lead to some mistakes. All but two of the 25 ministers have had no ministerial experience, and the junior ministers are novices. To this has to be added a bureaucracy that for four decades has depended on a patronage system, orchestrated by all-powerful ruling parties that have now disappeared off the map.

These start-up problems have been aggravated by the aggressive manner in which Mr Berlusconi and his allies have sought to demonstrate they hold the levers of power and do not need to cut deals with the opposition in the centre and on the left. Previously everyone was kept content with some bite of the state's pie.

This posture explains the high-profile battle to gain control of the RAI state broadcasting organisation, the enforced departure of Mr Romano Prodi from running IRI, the state holding company, and efforts to unseat Mr Franco Bernabé at ENI, the state oil concern. It also accounts for the government's insistence on its right to appoint a successor to Mr Lamberto Dini, who moved from being director general at the Bank of Italy to become treasury minister.

These battles are being fought with little regard for the diplomatic fallout. More often than not, President Oscar Luigi Scalfaro has found himself using his limited authority to ensure that there are some checks on the power of the government. This in turn has weakened his tenure as president – he has always been vulnerable, as a former Christian Democrat interior minister elected by the previous discredited parliament.

These power struggles have taken priority over policy formulation. Since Mr Berlusconi took power in mid-May, only a few minor policies, such as tax breaks for creating jobs, have been introduced. Partly, this is because the government was unprepared to govern. But it is also due to Mr Berlusconi's own style of decision making. He ran his Fininvest business empire by relying on a small group of friends to toss around ideas, and then orders were executed by a compliant staff.

He is still surrounded by the same group of Fininvest associates; but he now has to sell policies to a cabinet composed of the populist Northern League and the neo-fascist MSI/National Alliance and his own Forza Italia, which all have different agendas. Once issues are past the cabinet hurdle, they then have to go to parliament, where the government lacks a clear majority in the senate.

The decision-making process is thus naturally slow. But Mr Berlusconi has not helped himself. By failing to clarify his economic policy, he has squandered the goodwill of the markets. In the past three weeks, the markets have become dismayed by his apparent refusal to confront the central issue of Italy's public finances, focusing instead on stimulating jobs and consolidating a timid domestic recovery. The stock market has weakened and the lira has reached a psychological floor of L1,000 to the D-Mark.

Financial analysts say that unless he reacts soon, the lira could face a battering and the Bank of Italy may be forced to raise interest rates. That might prove a a self-inflicted wound which could upset Mr Berlusconi's honeymoon with Italian voters.

Cash tills with bicycle bells

Stewart Dalby asks if le Tour de UK has been a commercial hit

When Merseyside Development Corporation sponsored the Tall Ships regatta and an accompanying opera in 1992 to the tune of £700,000, it hoped to turn the region's image from one of urban decay, unemployment and militant politics into a middle-class modern version of the Victorian sea-faring soap opera, the Onedin Line.

But all it got was a damning parliamentary report about the waste of taxpayers' money that helped pay for rows of wooden trading schooners in the Mersey docks that few people turned up to see.

This week south-east England caught the sponsorship bug, hoping the world's biggest cycling event, the Tour de France, would bring tourists to an area increasingly reliant on their spending for economic survival. The tour is the world's most lucrative bicycle ride, with £1.2m in prize money.

On Thursday, the 189 competitors raced through Portsmouth during the 113-mile stint around the Hampshire countryside. About 250,000 people packed into the town centre, matching a similar number in Brighton and slightly less in Dover on an earlier leg of the race.

Together, the three towns, with the county councils of Kent, East Sussex and Hampshire, have spent between £1m and £1.5m, of which £270,000 went to the race's organiser, the Société du Tour de France. The rest went on signposting, policing, publicity, car parking and road closures.

But will the councils meet the same fate as Merseyside and be accused of squandering public money, or will the costs be justified by the return?

The question is not immediately answerable because the overall effect of the race cannot be measured simply by the revenue the councils raise, or even the number of ice creams, hot dogs or T-shirts bought by visitors watching the race. The real benefits will derive from the three-day cash injection into hotels, restaurants and other tourist attractions. Mr Graham Tubb, economic development officer of East Sussex County Council said: "Not everyone watching the race spends a lot of money. But, say 250,000 visiting Brighton spend £10 each, that is £2.5m just on the day."

For Brighton, the extra income will come on top of the £130m it estimates tourism brings in every year. Across the UK, tourism is a multibillion pound industry; overseas visitors alone spent £9.1bn last year.

Many local officials believe that the best way to build up tourism is by sponsoring prestigious, eye-catching projects – which are often loss leaders. In the 1970s Brighton built a £13m conference centre which is thought never to have made a profit, even though the town regularly attracts more than 200,000 delegates a year. But they spend about £60m a year in the town, helping hotels and restaurants to flourish. Mr Peter Bramich, general manager of the Metropole, the largest hotel in Brighton with 328 rooms at about £150 a night, said: "About 80 per cent business is from conferences."

Similarly, the value of events such as the Tour de France, has to be calculated in broad terms. Brighton, which was the finishing town for the first UK stage of the race, probably did not do as well as it might on the day because there was a rail strike. The barman in the Concord public house opposite the pier and just 200yd from the finishing line, was disappointed: "Where are all the visitors then? We are not doing any extra business at all."

His experience seems isolated. The early signs are that the impact of the race on the local economy will prove beneficial. Mr Paul Delenaught, general manager of the Dudley Hotel in nearby Hove said: "I have 60 rooms and we are absolutely full to the rafters. Normally we would be 75 per cent full at this time of year."

Outside Brighton there was a tremendous response to the race. In Ditchling, Mr Rod Clarke, who runs a tea shop and bakery said: "We have had four to five times the usual number of customers and its only 10am." The village saw a price war between the garden centre and a farmer who were trying to undercut the official rate of £3 for a day's parking.

In Portsmouth it was a similar story. Ms Debbie Greenwood of the district council said: "We estimate that 1m watched the race in Hampshire. This is more than double the number we expected."

More important than the number of visitors is the amount of cash they poured into the local economy. On a conservative estimate of about 1m watching the race and, taking the rule-of-thumb of tourism officials and assuming each visitor spent about £10, then total the benefit to the local economy is £10m.

Ms Deborah Grubb, head of arts and leisure at Brighton district council, said: "We have spent £150,000 and I would guess we will get a multiple of that back. Our town has been on Channel 4 news every night and we have had a special programme devoted to us. If you include the newspaper coverage we would have spent nearly £150,000 on promotion alone."

Mr David Knight, the race's project manager for Portsmouth council, suggests £10m for the whole region might be an under-estimate. "I think that Portsmouth will have made £10m out of the race."

That might not be enough to fend off the critics – such as Mr and Mrs Welbury, a retired couple from Ditchling. "We are in favour of the race but there is quite a lot of opposition here locally. When the London to Brighton race came through, they left an awful lot of litter. Someone has to pay for that," said Mrs Welbury.

Mr Knight countered: "The race director said he will definitely be bringing the race back to Britain next year. He said there was a logic to the south coast because of the Channel Tunnel. We in Portsmouth would be interested in hosting the race again."

Summiteers must use inducements and threats to solve the Bosnian conflict, says **Bruce Clark**

Bitter sweets and soft smacks

As the Bosnian army was battling defectors to a pro-Serb Moslem unit in the north-west of the state yesterday, the future of the territory was on the agenda for discussion in the balmy air of Naples. President Boris Yeltsin of Russia, along with the western leaders at the G7 summit, will be shouldering a grave responsibility. It is possible that history will hold them guilty of fumbling a final chance to prevent conflict in the Balkans from escalating out of all control.

Five of the eight countries – the US, Russia, the UK, France and Germany – are co-designers of a detailed plan for an effective partition of Bosnia. All subscribe to the idea that the warring parties should be pressed strongly, by threats and inducements, to accept the proposals to them in Geneva this week. The other participants in the summit – Canada, Italy and Japan – will scarcely demur.

Yet the fact remains that the international consensus over what to do if the warring Serbs and Moslems reject the plan is only wafer thin; and it may prove too thin to convince the Bosnian parties. They have two weeks to consider their response.

Even the plan's creators would agree that it is not a perfect arrangement. Perhaps the best that can be said is that it is less imperfect, and less doomed to failure, than any other proposal put forward so far.

While preserving Bosnia's notional existence, the plan would allocate 51 per cent of its territory to the new Moslem-Croat federation, and the remainder to the Bosnian Serbs, who now control about 70 per cent.

For Bosnia's mainly Moslem leadership, the worse thing about this is that it leaves in Serb hands a string of towns in central Bosnia, such as Prijedor, where Moslem communities have been destroyed by ethnic cleansing.

For the Serbs, the plan's biggest drawback is that the corridor which now links Serb-controlled land in Bosnia with the Serbian republic to the east would be narrowed to a width of a few miles. The Serb side would have to surrender the main towns of the region on either side of the corridor, such as Brcko, making it easier for its enemies to sever the connection with the ethnic motherland.

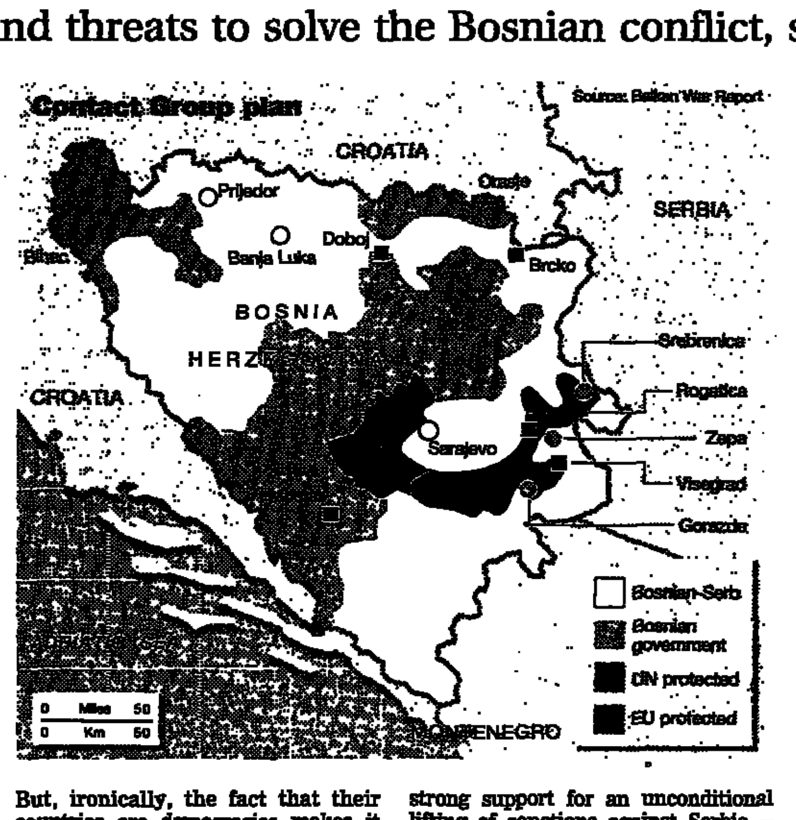
Even if Serb political leaders agree to this concession, it is hard to imagine Serb officers pulling out of towns they have conquered and cleansed.

The US has stated loudly, and Russia much more reluctantly, that if Bosnia's Moslem leaders accept the map and the Serbs reject it, the more co-operative party will probably be rewarded with a lifting of the international arms embargo.

If the Serbs accept the proposal, they can expect a lifting of economic sanctions. Both sides have been told that co-operation will earn them reconstruction aid – while continued recalcitrance will lead to tougher enforcement of punitive measures.

Bosnia's President Alija Izbetgovic has already moved to seize the moral high ground by saying that his side will accept the plan, but he does not have any illusions that it will be implemented. "I emphasise that we will be saying yes, since the Serbs will be rejecting it," he has said.

If the eight leaders conferring in Naples were dictators, with no fear of domestic opinion, they would probably stand a better chance of forcing their ideas down the Bosnian throats.



But, ironically, the fact that their countries are democracies makes it harder for them to apply a "carrot and stick" approach in a sustained and convincing way.

In the US legislature, there is massive pressure for an unconditional renunciation of the arms embargo against the Bosnian government, regardless of its attitude to the peace plan. In a recent Senate vote, supporters of a unilateral lifting of the embargo fell one vote short of victory.

Any conflict involving the Albanians in adjacent territories would run the risk of drawing in Greece

Meanwhile, in Russia, there is strong support for an unconditional lifting of sanctions against Serbia – which are widely breached and have failed to prevent economic revival.

Many Russians feel that their country's initial adherence to punitive measures against their traditional Serb allies was at best a temporary expedient, reflecting a period of weakness in Russian diplomacy.

If the US Congress forces the administration into unconditional support for the Bosnian government, then Russia's support for its Serb protégé will become more open too, and the Bosnian war could become an old-fashioned US-Russian conflict by proxy. The UN's humanitarian effort, which depends on a minimum of consent from all sides, would become untenable. The UK and France have stressed that they would pull out their troops, which form the backbone of the peacekeeping force, if there was a fullscale conflict.

Already, several nightmare scenarios look plausible. If Bosnian government forces manage to wrest from the Serbs the strategic corridor which links northern Bosnia with the Serbian republic, that would have the side-effect of severing communications between Belgrade and the Serb-controlled region of Croatia.

At that point, the Croatian government could be tempted to seize back the one-third of its territory which is under Serb control. A full-scale Serb-Croat war could ensue.

Equally real is the prospect of the conflict spreading south to involve the Albanian communities of adjacent territories: Kosovo, where an Albanian majority lives uneasily under Serb rule; the former Yugoslav republic of Macedonia; and Albania itself. Relations between the Slav majority and Albanian minority in Macedonia have worsened in recent weeks, with Albanian deputies abandoning their seats in parliament and refusing to accept as fair a census designed to show the true ethnic balance.

Any conflict involving the Albanians would run the risk of drawing in Greece, which has been at odds with Tirana over the treatment of its ethnic Greek minority.

Finally, escalating conflict in Bosnia and points north and south could fatally poison relations between Greece and Turkey, nominal Nato allies whose bilateral relations are already under severe strain.

All this makes a depressing prospect for the leaders as they sit down to spaghetti and seafood on the Mediterranean. Because of the fragility of the consensus they have reached over Bosnia, they may not linger on the subject – though it is expected to feature in the bilateral meetings between Mr Yeltsin and his US and British counterparts. If the increasingly vivid possibility of a Balkan war comes true, however, then all the discussion of other topics – from interest rates to the dollar – could go down in history as a frivolous waste of time.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be cleady typed and not hand written. Please set fax for finest resolution

More means testing is no answer to rise in poverty

From Ms Sally Witcher.

Sir, Contrary to what was stated in your editorial, "Work and benefits" (June 27), it is not welfare benefits which trap their recipients, so much as those which are means tested. Means-tested benefits are withdrawn as income rises: it is from means-tested benefit paid to the husband that a wife's earnings are deducted. These are just some of the reasons why they are such a poor response to the increasing insecurities of today's "flexible" labour market.

It is, therefore, somewhat ironic that the advent of the job-seeker's allowance – which brings with it more means testing – is greeted with enthusiasm in your editorial. Yet there is no avoiding the truth that means testing brings with it work disincentives, and not because benefits are paid at too high a level. Income support has been shown to be inadequate to meet even a low-cost budget.

Between 1979 and 1991, the number of people in work who are living in poverty (defined as less than 50 per cent average income after housing costs) has increased from 4.1 per cent to 11.7 per cent, as a percentage of all in employment. No longer does being in work mean being out of poverty. The problem is not that benefits are over generous, but that rates of pay are far too low.

Contributory and universal benefits, such as child benefit, do not bring with them the work disincentives of means testing. They can even go some way to alleviating them – child benefit forming a helpful bridge from unemployment into work.

Cutting benefits and introducing more means testing will do nothing to halt the dramatic increase in poverty (particularly child poverty) experienced in the UK over the last 15 years.

Sally Witcher,
director,
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Faulty argument in support of weak dollar

From Mr Robert Solomon.

Sir, Wynne Godley and William Milberg, in their "Three cheers for a weak dollar" (Personal View, July 6), paint a highly misleading picture of the American balance of payments situation.

They claim that imports have for years been growing faster than exports. That is factually wrong. How could it be correct when the US current account deficit declined from $150bn in 1986 to $66bn in 1992?

What Godley and Milberg fail to recognise is that the balance of payments since 1992 has been affected by the recession in Europe and Japan, while the US economy has bounded ahead. That is why imports of goods and services have risen much faster than exports of goods and services recently.

Just as we have a measure of the budget balance that abstracts from the effects of recession – the structural balance – we need such a measure for the balance of payments. It would show a much smaller structural current account deficit than the actual one.

It follows that their case for a weaker dollar is itself a weak one.

Robert Solomon,
guest scholar,
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Warning on smog too late

From Mr Jack E Felt.

Sir, Michael Skapinker's article, "Motorists warned over summer smog" (July 4), noted that commuters were asked by the Department of the Environment to avoid using cars last Monday.

As a commuter, I heard nothing of this until I read your article – then it was too late.

But are such government requests a viable answer to the problem? I think not. The solution can only lie in positive actions by the authorities to reduce the number of vehicles entering urban areas and to limit emissions from individual vehicles by spot testing at the roadside.

Ill-timed appeals to commuters to abandon their cars only demonstrate the government's reluctance to face the problem.

Jack E Felt,
26 Halford Road,
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No future in analogue channel

From Mr Dermot Nolan.

Sir, The most significant implication of the BBC white paper, "The future of the BBC", is the recognition that the corporation has a central role to play in the introduction of digital terrestrial television broadcasting in 1997, ushering in the multi-media age. The white paper estimates that full digital use of the spectrum would generate a £5bn per annum business to "UK plc".

Measures to unlock this value need to be expedited. Clearly this means that the white paper is inconsistent with the licensing of many further analogue television services, in particular Channel 5. Proposals for an analogue version of Channel 5 should be dropped.

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Abolition of a floating charge too radical

From Mr J E P Gervasio.

Sir, I was interested to read Sir Michael Grylls's letter (June 28) in support of the proposal to abolish the floating charge. The argument is that the floating charge encourages excessive gearing for small and medium sized enterprises (SMEs), inhibits the borrower and places trade creditors at a disadvantage; its abolition would lead to a more robust lending environment in the UK along European lines.

I have a great deal of sympathy with the symptoms identified by Sir Michael – excessive reliance on short-term finance and over-geared businesses in the SME sector. Too often in the recent recession we have seen small companies fall victim to excessive zeal in enforcing "on demand" facilities.

However, I am not convinced that the prescribed medicine is the answer. I believe that the abolition of the floating charge altogether would merely lead to a drying up of funding for SMEs. What they need is a change in the mix of funding away from short-term money in favour of medium-term or long-term debt.

Fundamentally, SMEs need permanent capital for growth – that is, equity. For companies, say, with less than 100 employees, the market does not serve the needs of the SME sector at all well. In Yorkshire we are the only player seriously committed to the provision of equity at this end of the market.

Here, there is a responsibility on all those engaged in this sector – professional advisers, training and enterprise councils, bank managers, and even the newly expanding Business Links, to encourage expansion through external investment in SMEs. The sensitive use of externally sourced long-term capital funding for the small business could be a significant contributory factor in strengthening this vital part of the UK's economic future.

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Priorities to continue rationalisation and fill gap in product pipeline

Fisons finds new chief executive

By Paul Abrahams

Fisons' long search for a chief executive ended yesterday.

Six months after ousting Mr Cedric Scroggs, the pharmaceuticals and scientific equipment group appointed Mr Stuart Wallis, an executive director at Bowater.

Shares of Bowater, the packaging group, fell 13p to 430p, while Fisons' shares were static at 138p.

Mr Wallis, who had been responsible for the European packaging and international health and beauty packaging businesses, had been seen as a potential successor to Mr David Lyon as Bowater's chief executive.

The appointment follows a series of crises at the former fertilisers group. These include the resignation of one chief executive, the sacking of another chief executive and premature departure of a finance director, three profits warnings, and a collapse in market capitalisation from £2.23bn to £953m.

Mr Wallis, a 48 year old chartered accountant, is scheduled to start at Fisons on September 1. Prior to his 6¼ years at Bowater, he was an executive director for distribution at Octopus Publishing.

Analysts expressed disappointment that Mr Wallis did not have greater expertise in the pharmaceuticals industry. However, Mr Patrick Egan, Fisons chairman, said none of the five short-listed candidates had such experience.

Mr Wallis said he had worked in a number of different sectors and was used to steep learning curves. He had

Stuart Wallis: seen as potential Bowater chief

already had dealings with the pharmaceuticals industry when at Bowater, he added.

The main priorities were to continue rationalising as quickly and effectively as possible, and to fill the potential short to medium-term gap in the product pipeline, he said.

Mr Egan warned the first half results, due in September, would be "restrained" by acts of God. The hay-fever season in Japan had been "abysmal", North American laboratory supplies had been interrupted by weather, and an instrument factory in California had been struck by an earthquake.

The instruments business would record a small loss during the first six months and the pharmaceuticals operations' trading results would be down because they would be compared with a period last year which had been flattered by unacceptable acquisition accounting and stock loading.

Panel to force bid disclosure earlier

By Norma Cohen, Investments Correspondent

The Takeover Panel said it is prepared to force companies planning a bid to make a public announcement immediately it notices sharp rises in the share price of the target company.

In its annual report for the period ended March 31 1994, the Panel said: "In some cases the requirement to make an announcement of a possible offer may upset detailed planning and may even lead to abandonment of the offer."

However, even if forcing disclosure would jeopardise the bid, the Panel is prepared to do so "in the interests of fairness to the market".

Recent instances where the Panel has compelled public announcement of a bid were Enterprise Oil's offer for Lasmo and De La Rue's offer for Portals.

Concern about cases where pre-offer bid speculation leads to sharp share price increases remains a Panel priority. Mr William Staple, director general said "the golden rule" is that a 10 per cent rise in a target company's share price would prompt the Panel to force disclosure of a planned bid, but extenuating circumstances were taken into consideration.

In its annual report, the Panel said that in order to reduce the chances of pre-bid information leaks, an advisory organisation should not be included in talks until the latest possible moment and that the number of individuals involved should be kept to "an absolute minimum".

Separately, Mr Staple said that the Panel would review its current rules regarding cash offers for shares in the midst of an all-paper bid. The move stems from widespread complaints about Enterprise Oil's purchase of Lasmo shares during its bid at a price far above that prevailing in the marketplace.

Several of the Panel's non-executive directors have said they wished to see the rule reviewed.

In its accounts, the Panel said it was halving the fee it charges the Stock Exchange to £1 on equity transactions over £10,000. The Panel has already accumulated a surplus of £4.6m which it deems sufficient for current operations.

Hasbro raises offer for JW Spear by £2 a share

By David Blackwell

Hasbro, the largest US toy and games group, yesterday raised its bid for JW Spear, the UK company which owns the rights to the Scrabble board game outside North America.

The US group, which already owns the North American rights for Scrabble as well as 26.7 per cent of Spear, increased its offer to £11 a share, valuing Spear at £57.3m. It is also offering a loan note alternative.

The new terms are 100p above an offer from Mattel, the rival US toy company, and 200p ahead of its original offer, made at the end of May.

Mr Norman Walker, a director of Hasbro UK, said the increased offer represented "significant enhanced value for shareholders" and reflected Spear's past performance and future prospects.

Mr Paul Lipscombe, Spear's finance director, said the board would meet next week "to consider all aspects of the situation". The latest offer closes on August 5. Mattel, whose offer closes on Monday, said it had noted the new bid and was considering its options.

Hasbro received no acceptances for its original offer, which was launched after trustees of some Spear family trusts had given undertakings to sell their 24.9 per cent stake unless a higher offer was received in three working days.

The Spear board sought a white knight and found Mattel, which launched its bid at five minutes to midnight on the last day.

Hasbro went to the High Court, claiming that Mattel's late offer had not been properly announced; but the judge released the trustees from any obligation to sell their shares to Hasbro.

The Spear board, which was not recommending either offer, has since allowed Hasbro to take a more detailed look at the company and its forecasts.

The trustees have given no further undertakings to Hasbro. Hasbro argues that its offer gives the trusts and families that own a large part of Spear an opportunity to escape from the limited liquidity of the shares.

The last recorded trade in Spear shares was at 740p on May 12. Hasbro's latest offer represents 20 times Spear's earnings last year.

3i share offer only just oversubscribed

By Andrew Bolger

The public offer for 3i, the venture capital group, was only just oversubscribed – so 98 per cent of applicants will receive all the shares they sought.

The £178m offer attracted 75,686 applications – well below the the 385,000 individual registrations for its prospectus.

The offer period coincided with a flurry of flotations hitting the falling UK equity market.

Baring Brothers, the issue's sponsor, said the public offer of 65.4m shares at 272p apiece was subscribed 1.1 times.

Applicants for up to 3,000 shares will receive a full allocation.

Those who sought 4,000 to 10,000 will receive 75 per cent, while applicants for 15,000 and above will receive 50 per cent – up to a maximum of 75,000 shares.

The group's £522m institutional placement was 1.7 times subscribed, so there may be some demand when dealing starts on July 18 from institutions which want to top up their stake.

With a market capitalisation of £1.58bn and stakes in more than 3,400 businesses, 3i is likely to join the FT-SE 100 Index.

However, analysts believe the shares are unlikely to move to more than a modest premium – assuming the unsettled equity market does not plunge further in the meantime.

Xenova forced to scale down flotation in US

By Daniel Green

Xenova, the Berkshire biotechnology company, has been forced to scale down its flotation in the US as a result of the weakness of the stock market.

The company said yesterday that it had raised about $10m (£6.5m) through the sale of 1.25m American Depositary Share units at $8 each. The price values Xenova at about $80m and the units are trading on the Nasdaq market.

In February, when plans for the flotation were set in motion, the company had hoped to raise about $45m.

Xenova now has £30.7m in cash, enough to last about 18 months. The company is likely to have to raise more cash, but is likely to seek corporate partners rather than make further share issues.

Each ADS unit, representing one Xenova share, is accompanied by an ADS conversion right which will convert on July 14 1995 into a maximum of 0.22 of an ADS based on the performance of the unit price compared with quarterly target prices.

The company has long planned to float in the US, where investors are more accustomed to biotechnology companies characterised by years of losses before a product reaches the market. Xenova specialises in the rapid screening of large numbers of potential drugs derived from fungi, bacteria and plants.

The company's advisers in the flotation were Paine Webber, Lehman Brothers, Cowen and James Capel.

Selling parts of the Body to gratify their souls

By David Blackwell

Gordon and Anita Roddick yesterday sold 3.5m shares in Body Shop International at 240p in order to help two projects dear to their hearts.

Of the £8.4m raised, £2.1m will go to the development of an inhaler for the alleviation of cold and hay fever symptoms and £2m towards a film project on indigenous peoples.

The company said yesterday that, after tax, the remaining money would give the couple "a little headroom" for further projects which they are backing.

The sale reduced the number of shares held by Ms Roddick, group managing director, to 24.01m and by Mr Roddick, chairman, to 24.2m, giving them a joint stake of 25.4 per cent. The company said the Roddicks had not sold any shares for a number of years.

The inhaler – to be known as Virotherm – will use a steam-based therapy to help cold and hay fever sufferers.

Its development is being undertaken by The Healthcare Foundation, which Anita Roddick helped to set up in 1987 with Michael Grade and Richard Branson. Its first project was Mates condoms.

Separately, the Roddicks guaranteed the bank funding of Millennium: Tribal Wisdom and the Modern World, a television series shown in the UK last year and in North America in 1992. Marketing of the film and the book continues, but any future revenues will revert to Body Shop International.

The company stressed yesterday that the Roddicks would receive no financial benefit from either project and did not expect to recover their contributions.

Hammerson buys Canadian malls

By Andrew Taylor, Construction Correspondent

Hammerson, the revamped property company which last year came under new management, yesterday announced its second large purchase this year.

It is acquiring three Canadian shopping malls in a deal worth C$160m (£75m). The developments in south-west Ontario provide net rents of C$15.5m, providing an initial yield of 9.7 per cent.

The company, which last year raised £199m in a right issue, acquired a £143.3m property portfolio from Postel in March. The deal left the pension fund with a 12.3 per cent stake in Hammerson.

The latest acquisition will provide the group with 1.2m sq ft of prime retail space at Westmount shopping centre, London; Stone Road Mall, Guelph and Tillsonburg Town Centre. The overall vacancy rate of the three centres is below 3 per cent.

Mr Ronald Spinney, chief executive, said that about 50 per cent of the purchase cost will be provided from cash resources.

For the balance, Hammerson will take on long term mortgages with a weighted average life of 10 years and an average interest rate of 9.3 per cent.

Hammerson is seeking to rebalance its portfolio which last year declined in value to £1.46bn, after a 14 per cent decline in the company's properties in continental Europe, North America and Australasia was only partially offset by a 9.1 per cent increase in UK properties.

Mr Spinney said yesterday: "This is an excellent acquisition in line with our strategy of increasing the retail content within our overall portfolio. In the light of the continuing improvement in the Canadian economy we believe this is an opportune time to be adding to our retail portfolio."

AromaScan valued at £35m in main market flotation

By Tim Burt

AromaScan, the developers of an "electronic nose" – a new technology to detect odours – yesterday announced plans for a stock market flotation valuing the group at between £35m and £40m.

The float is expected to raise £12m, of which £4m will be set aside for working capital and £8m used to build a manufacturing plant and develop technology which, according to the company, has applications for industries ranging from food and drink to cosmetics.

Mr Allan Syms, managing director, said it was a big breakthrough. "We have developed the first machine capable of producing the digital fingerprint of a smell," he stated.

Unlike rival technologies, AromaScan's electronic nose relies on a large library of polymers to identify smells and produce digital print-outs. It can, for example, spot the difference between genuine and fake Chanel perfume or detect contamination in recycled bottles.

That technology was pioneered and developed at the University of Manchester Institute of Science and Technology (Umist) and has been used by the US Food and Drug Administration and companies such as Whitbread and Unilever.

Mr Syms estimated the potential worldwide market at £215m, although he warned that development costs were likely to lead to losses of £1.91m next year and £863,000 in 1996.

The pathfinder prospectus, however, showed the group making profits of £4.02m in 1997 on projected turnover of £18.4m.

Under the terms of the flotation – handled through a placing by NM Rothschild with Peel Hunt acting as broker – existing shareholders have agreed to retain their stakes for at least two years.

They include AromaScan management, which currently holds 30 per cent; Umist with 10 per cent and 70 private investors holding the balance.

Mr Fred Worth, finance and operations director, said funds raised by the placing would also be used to repay a £500,000 loan to Umist, while Legal and General – one of the original backers – would receive £300,000 from existing cash balances.

Impact day is July 26 and dealings are expected to begin on August 3.

Break for the Border seeks cash after fall

By Graham Deller

Break for the Border Group, the restaurant and nightclub operator which came to the market in May 1993, yesterday accompanied reduced annual profits with a cash raising exercise.

Turnover from the two London cafes and the Borderline nightclub amounted to £4.23m (£4.1m) during the 12 months to March 31 with improved margins behind a rise to £3.24m (£3.11m)in gross profits from food and drink sales.

However, increased staffing and costs of seeking expansion opportunities, left profits before and after tax down from £477,000 to £402,000. A maiden dividend of 0.67p is payable from earnings of 4.3p (8.3p) per share.

Mr Robert Gunlack, chairman, said that further growth would mainly come from acquisitions and the extension of its brand names away from London and the group yesterday confirmed the purchase, first announced in May, of the Dublin-based Marino Group.

Marino comprises a 75 bedroom hotel and four theme bar/restaurants within a half mile radius in the Irish capital. Initial consideration amounts to I£2m (£1.98m) cash on completion with further performance related payments to a maximum I£5.08m.

The deal will be funded by a placing and open offer of 7.88m new shares at 52p to raise a net £3.75m. The shares have been conditionally placed with institutions and other investors by Fiske, with existing shareholders entitled to participate on a 2-for-5 basis.

SB drug same price as Wellcome treatment

SmithKline Beecham, the Anglo-American healthcare group, yesterday revealed that the US price of its new anti-viral treatment Famvir would be the same as its main competitor, Wellcome's Zovirax, writes Paul Abrahams.

The announcement ended fears that SmithKline Beecham would repeat its UK strategy by offering Famvir at a discount. Wellcome had responded by cutting Zovirax's price within hours. In the US, a week's therapy with Famvir, currently licensed for shingles, will cost $103.33 (£67.90), the same as Zovirax.

Mr Paul Krikler, pharmaceuticals analyst at Goldman Sachs, said: "This is a positive development, but the question remains whether managed care organisations can start playing one product off against another to obtain discounts."

Wellcome separately announced it had filed dossiers for Valtrex, its new oral shingles treatment, in 19 countries. The group claims Valtrex, whose generic name is valaciclovir, works more quickly than Zovirax and is just as safe.

Analysts said the submissions had been due during the second half of the year, but that it was pleasing they had been so early.

Dr David Barry, Wellcome's director of medical affairs, said: "In clinical trials, valaciclovir stopped pain associated with herpes zoster [shingles] attacks at least 25 per cent faster than acyclovir [Zovirax]."

Caverdale to acquire Godfrey Davis

Caverdale Group, the motor retailing and industrial products concern, is acquiring Godfrey Davis, a Ford main dealer, for £2.87m in cash and shares.

The £1.85m cash element of the price will be met by a placing and open offer by Kleinwort Benson Securities of 23.82m new ordinary shares at 14¾p, which will raise £3m net. Qualifying holders may apply on terms of 80 new ordinary for every £17 nominal of loan stock held.

In 1993 Davis made pre-tax profits of £217,000 on £52m turnover. At the year end, it had net assets of £2.02m.

The deal will increase Caverdale's motor retailing turnover by almost 55 per cent.

New owner for Gosforth Park

By David Blackwell

Mr Stanley Clarke, the millionaire who hauled Uttoxeter racecourse out of the red, has galloped to the rescue of High Gosforth Park, the quoted company that owns and runs Newcastle racecourse.

The course is to be acquired for £3.4m by Northern Racing, formed to make the acquisition and owned 65 per cent by Stanley Clarke Leisure, a private vehicle, and 35 per cent by St Modwen Properties, the development and investment company chaired by Mr Clarke.

Northern is paying £37 a share and has irrevocable undertakings on 42.3 per cent of the issued share capital. This includes the 7.4 per cent owned by the board, which is recommending the deal. There is a loan note alternative.

Last May, Gosforth lost a long-running battle to get the go-ahead to develop part of its 800-acre site. It had argued that it needed cash from the proposal to fund development of the course necessary to ensure its survival.

Mr Clarke said that he hoped to apply the same techniques that had proved successful at Uttoxeter, which had moved from losses of £36,000 in 1989 to profits of £400,000 last year.

Gosforth, which has net assets of £1.42m, made pre-tax profits of £49,675 last year.

The offer, which represents a premium of 85 per cent to the last trade in the shares, closes on July 29.

Wates £31m rights issue meets lacklustre response

By Andrew Taylor, Construction Correspondent

Sub-underwriters, led by Mercury Asset Management, have been left with up to four fifths of the shares in Wates City of London Properties' £31m rights issue.

Only 21 per cent of the shares were taken up, according to Cazenove and SG Warburg Securities, brokers to the issue. MAM had agreed to sub-underwrite up to 100 per cent of the issue on behalf of discretionary clients.

. On this basis MAM's stake in Wates could have risen to about 25 per cent, although it is believed it was not the sole sub-underwriter.

The outcome was not unexpected given that the 2-for-7 issue was at 73p, only 7p lower than the previous day's closing price.

Yesterday the shares were unchanged at 71p.

It is the company's second rights issue in less than 12 months. Wates raised £24m last September when the proceeds were used to cut borrowings.

This time, the company said it intended to use the cash to take advantage of rising property values by carrying out new developments and allowing it to retain existing buildings.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Abtrust New Dawn ....int	0.9‡	Aug 31	0.75	0.9	0.75
AB Engineering ....fin	0.05	Oct 1	0.05	0.05	0.05
Break for Border ....fin	0.67	Aug 12	-	0.67	-
Cardiff Property ....int	0.85†	Sept 6	0.85	-	2.5
M&W ....int	1.25	Aug 19	1.1	-	3
Reliance Sec § ....fin	3.6	Oct 4	3.4	4.7	4.5
TR City London ....int	1.31	Aug 31	1.23	5	4.8

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡In lieu of final.

NEWS DIGEST

Brown & Tawse cuts loss to £4m

Brown & Tawse, the reorganised steel and pipes distributor, yesterday announced pre-tax losses narrowed to £3.77m for the year to April 3, compared with last time's £36.5m which was struck after restructuring costs of £6.1m and a provision of £14.8m for loss on disposal of operations.

Directors said that substantial progress had been made in the implementation of the two year recovery plan involving disposals and widescale restructuring.

Mr Don McFarlane, chairman, said trading was at a reasonable level in the current year. However the general recovery was continuing to be patchy and the construction industry, in which B&T was heavily involved, was still particularly weak.

Turnover fell from £119m to £94m, including discontinued activities of £12.9m. Losses per share were 8p (111.2p).

AB Engineering

Despite increased losses from its catering equipment side, Associated British Engineering raised pre-tax profits by 56 per cent, from £216,000 to £338,000, for the year to March 31. Turnover climbed 27 per cent to £52.7m.

The result was struck after pension fund contributions of £200,000 (£48,000), reflecting the end of the pension holiday. Earnings per share were 0.04p (0.01p) and an unchanged single dividend of 0.05p is declared.

The company said that diesel engineering and the Middle East activities had continued to make profitable progress.

M&W

From turnover ahead 21 per cent to £39.3m, pre-tax profits of M&W, the Southampton-based convenience store operator, rose by 13 per cent from £927,000 to £1.05m for the 26 weeks to April 3.

Earnings per share were 4.3p (3.81p) while the interim dividend is lifted to 1.25p (1.1p).

Seven stores were opened during the period – bringing the total to 118 – and directors expected to open "at least a further 25" in the second half.

SelecTV

SelecTV, the USM-quoted independent television production company, yesterday reported a 14 per cent advance in pre-tax profits from £809,000 to £926,000 in the year to end-March.

The outcome was achieved on turnover 19 per cent ahead from £19.8m to £23.8m and was boosted by an increase in receivable interest to £441,000 (£163,000). Earnings per share emerged at 0.38p (0.42p).

Mr Allan McKeown, chief executive, said the results reflected a year of continuing growth in the company's core business of television production – albeit at reduced margins – and investment in its programme library had increased by £650,000 to £1.17m at the year end.

The company now faced a period when its cash resources would be called on both to finance its continuing programme production schedule as well as its expansion into other areas.

For this reason, Mr McKeown said, the board was not recommending payment of a dividend this year.

Reliance Security

The sale of its intruder alarm business and associated losses resulted in Reliance Security Group reporting a pre-tax deficit of £828,000 for the year to April 29. There was a comparable profit of £1.11m.

However, operating profits on continuing operations for the USM-quoted company showed a 29 per cent improvement to £2.7m (£2.1m). Turnover rose to £70.6m (£68.1m), including £1.66m (£1.77m) from discontinued activities.

Losses per share were 6p (3.5p earnings). However, an increased final dividend of 3.6p is proposed for a total of 4.7p (4.5p).

Cardiff Property

Cardiff Property reported a strong advance in pre-tax profits from £35,861 to £98,450 in the six months to March 31. The figures were helped by acquisitions and rent reviews.

Gross rental income improved to £368,479 (£342,534). Earnings per share were 3.6p (1.19p) but the interim dividend is maintained at 0.85p.

Abtrust

Undiluted net asset value per share of Abtrust New Dawn Investment Trust rose from 177.98p to 255.48p over the 12 months to end-April; fully diluted the figure was 232.18p against 167.57p.

Earnings per share were 1.74p (1.29p) from available revenue of £522,719 (£385,655).

There is a special interim dividend, in lieu of a final, of 0.9p for the year. Last time there was a single, final distribution of 0.75p.

CLT/Chiltern Radio

Daily Mail and General Trust and European Media Associates together now hold 29.99 per cent of Chiltern Radio, the north of England and home counties broadcaster, as a result of EMA's purchase in the market of 97,176 shares.

The board of Chiltern – which is the subject of an offer from Luxembourg-based CLT, one of Europe's largest private broadcasters – said it continued to believe that the terms of the CLT offer were fair and reasonable.

However, the directors stressed that DMGT has stated it had no intention of accepting the CLT offer and press reports had indicated that Capital Radio – which owns 20 per cent of Chiltern – held the same view.

It should also be noted, they said, that GWR Group – in which Capital and DMGT each had a 17 per cent interest – had acquired a 2.25 per cent holding in Chiltern.

As a result, directors said they thought it unlikely that the CLT offer would be capable of being declared unconditional at its first closing date yesterday.

CLT later said it had decided to extend its offer until 3pm on July 22.

Kleinwort Charter

Kleinwort Charter Investment Trust reported net asset value per share of 239p at May 31 compared with 231.1p at the November 30 year end and 204.9p a year earlier.

Net revenue for the six months to the end of May fell from £1.87m to £1.84m for earnings per share of 1.63p (2.28p). The interim dividend is unchanged at 1.25p.

EuroDollar

More than 1.3m EuroDollar shares were traded in first-day dealings yesterday following the car hire group's placing and public offer.

The shares, offered at 220p, dipped during the day to 218p but recovered to close at 222p.

The issue last month involved 22.7m shares and valued the group at £107.9m.

Kish Resources

Kish Resources, the small Irish oil and gas exploration company, yesterday reported a pre-tax deficit of I£1.28m (£1.27m) on turnover of I£68,078 for the year to end-December, against a loss of I£984,657 on turnover of I£76,683 last time.

Metallgesellschaft makes more provisions

By David Waller in Frankfurt

Metallgesellschaft, the heavily-indebted German metals, mining and industrial group, is to provide DM1bn ($637.8m) to cover losses arising from its engagement with Castle Energy Corporation, a small North American oil refining company in which MG Corp, Metallgesellschaft's New York-based trading subsidiary, has a minority stake.

Mr Kajo Neukirchen, chairman of the Frankfurt-based group, said the provision would be covered by extraordinary profits realised through disinvestments, especially the DM1.2bn sale of the Buderus engineering group completed last month. However, the provision comes on top of the DM2.3bn losses run up by MG Corp through speculative trading in US oil derivatives, which drove Metallgesellschaft to the brink of bankruptcy earlier this year.

The group also warned yesterday that losses for the 1994-95 financial year would probably be around the same level as for the year to September 30 1993, when it lost DM1.9bn.

In the first six months of the year, the group incurred a loss of DM1.54bn compared with a profit of DM98.3m. Without MG Corp, the loss would have been DM61.3m, down from a deficit of DM88.6m in first half of 1992-93. Turnover for the six months to the end of March fell 3 per cent to DM12.26bn.

The new provisions are the result of 76 individual contracts between MG Corp and Castle, in which MG Corp undertook to supply Castle with crude oil, to finance Castle's purchase of that oil, and thereafter buy the refined product at above-market prices until the year 2000. Metallgesellschaft is trying to renegotiate these contracts, which Mr Neukirchen recently described as "incomprehensible".

The complicated relationship between Castle and MG Corp, which owns 40 per cent of the refinery, has only been unravelled in the past few months. Consequently, the scale of the potential losses from this quarter had not been quantified when bankers agreed to a DM3.4bn rescue package in January.

The Castle problem helps explain why Mr Neukirchen decided to dispose of Buderus, one of the most profitable of the group's 650-plus subsidiaries, when earlier this year he said it would not be sold.

It would probably take five years for Metallgesellschaft to recover fully, Mr Neukirchen said this week. He was speaking on his achievements in the first seven months as the group's chairman, and mapping out future strategy.

he says the group will concentrate on four core areas: plant construction, trading, financial services and chemicals. This will mean that group turnover will, in the medium term, settle down to DM14bn a year – compared with DM26bn last year – and employees will number around 20,000, compared with 58,000 at the end of March last year. Metallgesellschaft will scale back its traditional metals activities and sell off its mining interests, concentrated in the 50.1 per cent-owned Toronto-based Metall Mining.

The reduction in the group's size goes hand in hand with the sale of subsidiaries and rationalisation measures. Group debt is set to fall from DM9.4bn at the end of last year to DM5bn by the end of the 1994-95 financial year.

See Lex

Hoechst to spin off its fibres activities

By David Waller

Hoechst, the big German chemicals company, is to spin off its European fibres activities into a separate legal entity. The move, which is designed to take effect on October 1 this year, is Hoechst's reaction to what it yesterday described as "unprecedented crisis in the western European fibres, textiles and clothing industries".

The Frankfurt-based chemicals group explained yesterday that the transfer of the fibres business would help the business segment react more flexibly and swiftly to the poor market conditions in western Europe, where fibres manufacturers were "increasingly beset by pressure on prices and cheap imports from Asia and eastern Europe".

The aim of the spin-off is to restore the business to profitability after four years of declining sales and "appreciable" losses.

The aim, Hoechst said, was to return to profitability via cost-reduction and better utilisation of Hoechst's global fibres capacity. It gave no details on the scale of potential cost-reductions or the nature of capacity rationalisation, but said it would be entering talks next week with employee representatives and Hoechst Celanese Corporation, Hoechst's US subsidiary.

Hoechst Celanese and the new entity, to be known as Hoechst Trevira, will co-operate in certain business areas and target specific markets outside Europe, Hoechst said. The new entity will, at first, employ about 5,000 people currently working at factories and independent subsidiary companies in Germany, Portugal, Northern Ireland, Denmark and Austria. There was no indication of the scale of turnover at the new subsidiary; last year, Hoechst's worldwide fibres turnover was DM6.84bn ($4.4bn).

Hoechst first indicated it was considering the spin-off in February this year, when Bayer, its rival, transferred its fibres activities into Bayer Faser, a new subsidiary.

Mannesmann chief fires final salvo at critics

By Michael Lindemann in Düsseldorf

Anxious shareholders yesterday heard Mr Werner Dieter refute what he called "grotesque" charges that he had lined his own pockets while chief executive of Mannesmann, one of Germany's largest companies.

Speaking to the annual meeting for the last time before his planned resignation, Mr Dieter insisted he would not allow himself to become the victim of a press smear campaign.

He told shareholders he had received an anonymous letter in November warning him that a campaign would be launched against any attempts to become chairman of the supervisory board, the non-executive board which oversees management.

The Düsseldorf state prosecutor began an investigation last week into allegations in *Der Spiegel*, he weekly news magazine, that Mr Dieter forced Rexroth, a Mannesmann subsidiary, to buy products at inflated prices from Hydac, a company largely owned by Mr Dieter's family.

The allegations have attracted prominent press coverage, coming on the heels of a variety of other scandals this year. In an unusual move, police were called to be on hand at yesterday's meeting because of Mannesmann management fears that left-wing extremists would try to interrupt proceedings. As it happened, their presence was unnecessary.

Mr Dieter, 64, has been chief executive of the group since 1985. He will be succeeded by Mr Joachim Funk, the finance director. Although Mr Dieter goes on to become an ordinary member of the supervisory board, he said he would seek the board chairmanship once external auditors had presented their report into the allegations.

Turnover for the year was expected to reach DM30bn ($19.1bn), up from DM27.96bn in 1993 when the group lost DM513m. Turnover in the first six months was up 10 per cent to DM14.3bn, exceeding analysts' expectations. Orders in the same period totalled DM16.8bn, 19 per cent higher than a year ago.

The group's D2 mobile telephone network, one of two in Germany and the group's fastest growing unit, now had 700,000 customers, up from 580,000 at the end of May, the meeting heard.

The links between Rexroth, an engineering company, and Hydac, which makes magnets and hydraulics accessories, "were interesting for both companies", Mr Dieter said.

Mr Dieter had held a 30 per cent stake in Rexroth, but sold this when he moved to Mannesmann. This, he said, was proof that he had sought to avoid a conflict of interest.

However, several small shareholders said any suggestion that Mr Dieter might have benefited from his position as chief executive should rule him out of a position on the supervisory board.

Laidlaw improves in most areas

By Robert Gibbens in Montreal

Better third-quarter results in the waste management, recycling and transportation businesses of Laidlaw were slightly offset by a small decline in hazardous waste operations. The company blamed this on landfill problems in South Carolina and pressures on pricing.

Overall, Laidlaw, one of North America's top three waste management groups and a Canadian Pacific associate, earned US$38.9m, or 14 cents a share, in the three months ended May 31.

This compares to a 1992-93 third-quarter loss of $33.6m, or 12 cents, after a special $75m after-tax charge reflecting a write-down in the value of Laidlaw's interest in ADT. Without the charge, the period showed net profit equal to 13 cents a share.

Third-quarter revenues this time were $579m, up 6.5 per cent. The lower Canadian dollar reduced the total by $11.5m.

Margins rose sharply in solid waste management and recycling, reflecting North American recovery and restructuring. The bus transportation group continued to expand.

For the first nine months of fiscal 1994, net profit was US$93.9m, or 34 cents a share, against US$43.4m, or 16 cents.

Gantry drops out of Bridge Oil race

By Nikki Tait in Sydney

The hard-fought bid battle for Bridge Oil, the Sydney-based oil and gas group, appeared to be over last night, after Gantry, one of the two rival suitors, dropped out of the race.

Gantry – which was the bid vehicle for Enron, the US natural gas company, and the California Public Employees Retirement System, one of the largest state pension funds – said it would not proceed with an offer. This leaves the way clear for Parker & Parsley, the Texan oil independent, to go ahead with its 90-cents-a-share cash bid.

Gantry said P&P's public statement that it would not accept a 95-cents-a-share offer for its 21 per cent holding in Bridge, meant that Gantry had no hope of reaching its 90 per cent minimum acceptance level. "Thus, we have decided not to proceed with this transaction," it said.

Gantry had bought Bridge shares in the market on Thursday at prices up to 95 cents, boosting the target company's share price. However, during yesterday's trading, Bridge shares eased to 91 cents. Gantry's announcement came after the market closed.

● Santos, the South Australian oil and gas company, is buying a 32.802 per cent interest in the Anglia gas field in the North Sea from Conoco, the oil and gas subsidiary of Dupont in the US.

Santos said the deal, which is still subject to regulatory and joint venture approval, had been under negotiation for some time, and would be backdated to January 1, 1994. The company declined to disclose its price "due to confidentiality provisions".

The deal will boost Santos' budgeted gas production this calendar year by 5.3 per cent, and add 1.15m barrels of oil equivalent to the group's 1994 production. Proven gas reserves at the purchase date were put at more than 50bn cubic feet.

Santos said its share of gas production from the Anglia field, which started producing in late-1991, had been sold forward under a "life of field" contract to Total Gas Marketing. The other joint venture partners in Anglia are Ranger Oil and Amerada Hess.

Although this is Santos' first investment in the North Sea, the company said it would consider further acquisitions there.

Crédit Lyonnais in talks on insurer tie-up

By John Ridding in Paris

Crédit Lyonnais, the French state-owned bank, is in talks with potential partners in the insurance industry, with a view to marketing and distributing non-life products.

The bank said talks were being held with a number of insurance companies, but declined to confirm reports that Allianz of Germany was among them. *Les Echos*, the French financial daily newspaper, reported yesterday that high-level discussions had been held with Allianz.

Crédit Lyonnais said it was seeking a partnership with a company which could supply non-life products, to be marketed through the bank's retail network, and provide after-sales service.

Initially, the partnership would concentrate on the French market, the bank said.

Mr Jean Peyrelevade, chairman of Crédit Lyonnais, has made no secret of his desire to find a partner in the insurance sector, and has already approached Assurances Générales de France.

Australia goldminers seek to simplify link

By Nikki Tait

Samantha Gold, the small Western Australian goldmining company, has made an all-shares offer for Resolute Resources, another junior miner based in Perth. The offer is worth around A$350m (US$255.5m).

Samantha is offering two of its own shares for every seven in Resolute. The two companies have been linked since August last year, when Resolute acquired control of Equity in Industry, which in turn held a large minority stake in Samantha, making it the goldminer's largest shareholder.

This interest now stands at around 42 per cent of Samantha's equity, and the bidder plans to buy back and eliminate that holding if the merger is successful.

It said this simplification of the two groups' structures was a key reason for the deal, although increased focus on gold and possible cost savings were other factors. The merged group would have a forecast annual gold production in excess of 300,000 ounces for fiscal 1995-96.

US drug group sale

American Cyanamid, the US pharmaceuticals company, has agreed in principle to sell its Davis & Geck wound management business to its European joint venture partner, B. Braun Melsungen of Germany, Reuter reports. Terms were not disclosed.

Cyanamid said it would maintain its manufacturing operations in Puerto Rico. The sale is subject to reaching definitive agreements and gaining government approvals.

The two companies are partners in joint venture wound management companies in Germany, Portugal and Spain. Under this agreement, B. Braun will acquire Cyanamid's worldwide business, including surgical sutures and endoscopic products.

Cyanamid said Davis & Geck had 1993 sales of $300m.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Aluminium jumps to fresh peak

After a week of concentrating on the consolidation of recent gains most London Metal Exchange contracts finished near the top of their trading ranges.

Aluminium was the star performer, the three months position jumping yesterday to a 39-month high of $1,541 a tonne. It closed at $1,539.50, up $33 on the day and $29 on the week.

Traders attributed the late strength to bouts of speculative buying, some of it related to options-market activity. There was also some short-covering by operators who had gambled on the earlier price

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-3,350	to 2,587,750
Aluminium alloy	-420	to 28,140
Copper	-3,125	to 347,800
Lead	+1,975	to 355,925
Nickel	+12	to 132,762
Zinc	+825	to 1,197,325
Tin	-160	to 30,730

decline continuing. With the metal's fundamentals expected to improve as output cuts following January's international agreement make further inroads into stocks some dealers told the Reuter news agency that a test of resistance around the $1,550-a-tonne mark was likely soon.

Copper was also strong yesterday. The three months position's ended only $26 up on the week at $2,467.50 a tonne but that was a great improvement on the $2,390 reached at one stage on Thursday as the market was hit by selling from speculators and US investment funds. On the other hand, it was $25 short of the week's peak, reached on Tuesday.

"Copper should still head higher after bouncing yesterday," one dealer told Reuter. "But it will have to soak up all the overhead selling."

Another LME market to show renewed buoyancy yesterday was lead. As copper's rally removed the constraints that had prevented the metal's improving fundamentals having their full effect on market sentiment the three months price surged $25 yesterday to a 22-month peak of $601 a tonne.

Consolidation was the name of the game for the coffee market for most of this week. After the recent spectacular surge to 7½-year highs the September futures position at the London Commodity Exchange traded in a relatively narrow $175 trading range. It ended the week at $3,077 a tonne, $121 down overall.

The price had been sent lower on Thursday by news that Brazil planned to sell 5m bags (60kg each) on its domestic market to calm prices. And early jitters yesterday about the possibility of another damaging frost in that country – which lifted the price to $3,153 at one stage – had calmed down by the close of trading.

The cocoa market bounced yesterday, with the LCE September quotation ending at $1,016 tonne, up $22 on the day and $12 on the week.

Prices were initially depressed by the publication of disappointing second quarter bean grinding figures for Germany and the UK. But with the market showing what one dealer described as "a marked reluctance to find sellers", nervousness about looming supply tightness in the September-March period was enough to prompt a $32 rally.

The latest cocoa grind figures have nevertheless further eroded what remains of the market's bullish sentiment. They might indicate that business in Europe was not as good as some people had been say it was, confectionery manufacturers and traders told Reuter.

"They show perhaps that the recession is still deeper than a lot of people think, and that people are preferring to save up money for holidays rather than spend it on the finer things in life," said one manufacturer.

The German grind for the second quarter was 2.5 per cent below the same three months last year, while the British figure was 6.9 per cent down.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$383.40	-1.60	$392.75	$396.50	$369.50
Silver per troy oz	339.50p	-9.45	336.35p	384.50p	335.50p
Aluminium 99.7% (cash)	$1522.50	+36.5	$1221.5	$1522.50	$1107.50
Copper Grade A (cash)	$2448.50	+24.5	$1974.0	$2467.50	$1731.50
Lead (cash)	$581.50	+13.5	$399.00	$546.5	$426.0
Nickel (cash)	$6182.50	-140.0	$5225.0	$6490	$5210.0
Zinc SHG (cash)	$959.50	-0.5	$961.5	$1014	$900.5
Tin (cash)	$5305	-60.0	$5097.5	$5650.0	$4730.0
Cocoa Futures Sep	£1016	+12.0	£764	£1036	£859
Coffee Futures Sep	$3076	-122.0	$961	$3196	$1175
Sugar (LDP Raw)	$289.5	+4.90	$273.3	$309.4	$252.9
Barley Futures Nov	£101.85	+0.75	£106.75	£101.85	£92.65
Wheat Futures Nov	£103.90	+1.45	£109.3	£117.50	£97.80
Cotton Outlook A Index	81.45c	-0.90	57.05c	87.10c	62.45c
Wool (64s Super)	428p	-	352p	428p	342p
Oil (Brent Blend)	$17.38x	-0.25	$16.51	$17.63	$13.16

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Aug

BASE METALS

Precious Metals continued

GRAINS AND OIL SEEDS

SOFTS

MEAT AND LIVESTOCK

ENERGY

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open Int	Vol
Jul	109.05	-0.45	110.95	108.50	3,278	622
Aug	109.25	-0.50	-	-	708	62
Sep	109.65	-0.55	112.00	108.20	34,072	3,608
Oct	109.25	-0.50	-	-	322	4
Nov	108.90	-0.30	-	-	245	-
Dec	108.50	-0.20	110.35	108.25	9,282	2,653
Total					53,955	7,280

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	383.20-383.60	
Opening	383.80-384.20	
Morning fix	383.40	248.880
Afternoon fix	383.15	248.944
Day's High	385.00-385.40	
Day's Low	382.50-382.90	
Previous close	384.00-384.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.09	6 months	4.53
2 months	4.28	12 months	4.99
3 months	4.27		

Silver Fix	p/troy oz.	US cts equiv.
Spot	339.35	523.25
3 months	343.65	529.90
6 months	348.05	536.45
1 year	359.25	551.90

Gold Coins	$ price	£ equiv.
Krugerrand	389-392	253-256
Maple Leaf	394.30-396.80	-
New Sovereign	91-94	59-62

Spices
Demand for pepper in general has bee improving, despite the holiday season, reports Man Producten. White pepper has become very scarce on the Europe spot market with limited fresh supplies coming from producing countries. The new Muntok crop has only just started and arrivals are still small. Prices firmed up towards the end of the week as several shippers tried to cover their July and August commitments. Muntok white f.a.q., spot Rotterdam fetched US$2,950 a tonne, while July/August and August/September shipments were at $2,850, cif. Black pepper prices remained steady, with spot goods commanding a premium as stocks in Europe are diminishing. Black pepper f.a.q. spot Rotterdam was at $1,700 a tonne, while grade 1 spot fetched $1,775.

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jul	93.45	+10.00	93.45	82.50	288	181
Sep	97.20	+10.00	97.20	88.05	14,348	594
Nov	95.45	+6.00	95.45	88.10	3,116	160
Jan	99.05	+5.00	99.05	93.00	3,766	215
Mar	102.05	+5.00	99.90	98.50	2,338	25
May	105.25	+5.00	105.25	101.75	384	170
Total					24,374	1,389

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jul 8	Jul 7	month ago	year ago
2088.5	2074.8	1992.3	1708.4

■ CRB Futures (Base: 4/9/56=100)

Jul 7	Jul 6	month ago	year ago
226.00	225.31	231.67	215.98

LONDON TRADED OPTIONS

■ COFFEE LCE

	Sep	Nov	Sep	Nov
2900	452	549	276	366
2950	427	525	301	392
3000	402	502	326	419

■ COCOA LCE

	Sep	Dec	Sep	Dec
975	70	113	29	61
1000	58	100	40	73
1050	34	78	66	101

■ BRENT CRUDE IPE

	Aug	Sep	Aug	Sep
1650	-	83	3	38
1700	30	55	8	56
1750	8	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Aug)

		+or-
Dubai	$16.11-6.21q	+0.605
Brent Blend (dated)	$17.11-7.15	+0.32
Brent Blend (Aug)	$17.38-7.40	+0.27
W.T.I. (1pm est)	$19.46-9.48	+0.815

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$180-182	
Gas Oil	$147-148	-1.0
Heavy Fuel Oil	$91-93	-1.5
Naphtha	$163-164	-0.5
Jet fuel	$163-165	

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$383.40	-0.80
Silver (per troy oz)♣	522.50c	-2.00
Platinum (per troy oz.)	$401.00	-1.25
Palladium (per troy oz.)	$143.75	+0.75
Copper (US prod.)	114.0c	-1.0
Lead (US prod.)	38.75c	+3.00
Tin (Kuala Lumpur)	13.48m	+0.05
Tin (New York)	246.50c	+4.0
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	N/A	
Sheep (live weight)†♣	N/A	
Pigs (live weight)	N/A	
Lon. day sugar (raw)	$289.5	-8.2
Lon. day sugar (wte)	$335.0	-4.0
Tate & Lyle export	£300.0	-5.0
Barley (Eng. feed)	£100.5t	
Maize (US No3 Yellow)	$143.5	
Wheat (US Dark North)	£160.0	
Rubber (Jul)♥	N/A	
Rubber (Aug)♥	N/A	
Rubber (KL RSS No1 Jul)	308.0m	+2.5
Coconut Oil (Phil)§	$630.0z	+16.5
Palm Oil (Malay.)§	477.5q	
Copra (Phil)§	$397	
Soyabeans (US)	£178.0q	+8.0
Cotton Outlook 'A' Index	81.45c	+0.20
Wooltops (64s Super)	428p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. t July/Aug. q Aug. z Jun/Jul. w July. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♣ Sheep (Live weight prices). * Change on week, provisional prices.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	96.3200	+0.130	9.57	9.64	8.85
Belgium		7.250	04/04	93.9900	+0.460	8.16	8.00	7.71
Canada *		6.500	06/04	82.4000	-0.750	9.25	9.27	8.86
Denmark		7.000	12/04	90.5200	-0.130	8.39	8.47	7.83
France	BTAN	8.000	05/98	103.2900	-0.070	6.90	6.90	6.61
	OAT	5.500	04/04	85.8100	-0.090	7.60	7.60	7.18
Germany Treuhand		6.750	05/04	97.9300	+0.150	7.04	7.07	6.90
Italy		8.500	01/04	87.9000	+0.140	10.65†	10.63	9.67
Japan	No 119	4.800	06/99	105.4880	+0.440	3.50	3.48	3.44
	No 164	4.100	12/03	98.9220	+0.600	4.26	4.26	4.13
Netherlands		5.750	01/04	90.8800	-0.400	7.10	7.11	6.92
Spain		8.000	05/04	82.2000	-0.400	11.04	10.85	9.88
UK Gilts		6.000	08/99	90-22	-6/32	8.28	8.32	8.04
		6.750	11/04	87-20	-18/32	8.57	8.63	8.36
		9.000	10/08	103-09	-17/32	8.59	8.66	8.44
US Treasury *		7.250	05/04	99-25	+29/32	7.28	7.34	7.00
		6.250	08/23	84-12	+34/32	7.59	7.62	7.29
ECU (French Govt)		6.000	04/04	86.2400	+0.480	8.06	8.11	7.71

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

Prime rate	7¼	One month	4.14
Broker loan rate	5⅞	Two month	4.29
Fed.funds	4¼	Three month	4.52
Fed.funds at intervention	-	Six month	5.04
		One year	5.58

BOND FUTURES AND OPTIONS

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
101	2-00	2-50	1-60	3-46
102	1-31	2-24	2-27	4-20
103	1-05	2-00	3-01	4-60

Est. vol. total, Calls 8314 Puts 5863. Previous day's open int., Calls 64035 Puts 46259

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	101-16	100-21	-0-31	101-22	100-16	229,653	388,919
Dec	100-22	99-28	-0-30	100-26	99-23	5,439	63,021
Mar	100-00	99-06	-0-28	100-03	99-03	218	3,677

FT-ACTUARIES FIXED INTEREST INDICES

FT FIXED INTEREST INDICES

GILT EDGED ACTIVITY INDICES

UK GILTS PRICES

ECONOMIC DIARY – FORWARD EVENTS

TODAY: European Union social affairs ministers meet in Dortmund. American Festival Japan '94 begins in Tokyo (till Aug 31). Li Peng, Chinese prime minister, visits Romania. Nordic prime ministers' meeting in Kerimaki, Finland.

TOMORROW: Final day of G-7 summit. Bill Clinton, US president, visits Bonn. Run-off round of Ukrainian presidential election.

MONDAY: EU economic and finance ministers meet in Brussels. Final day for acceptance of nominations in Colombo for elections on Aug 16. Nigeria's constitutional conference reconvenes in Abuja. UK producer price index numbers (June).

TUESDAY: Seven Central American foreign ministers conference in Taipei. Germany's supreme court to rule on whether Bonn can take on global military role for United Nations missions. Seminar opens in Kuala Lumpur on Malaysian laws and economic development. Middle East peace negotiations multilateral steering group meets in Tabarka, Tunisia. Tim Wirth, US undersecretary of State, speaks at Washington National Press Club. UK construction: new orders (May).

WEDNESDAY: Symposium in Tokyo on Japan and US: Challenges for the 21st century. UK retail prices index (June). UK labour market statistics (May-Jun/prov). Bank of England capital issues and redemptions (June).

THURSDAY: Boutros Boutros-Ghali, UN secretary-general, visits Sweden. One-day national strike by employees of India's public sector. Eurocorps, including German troops, parade on Champs-Elysées on French national day. Service of thanksgiving at Westminster Abbey for late Labour leader John Smith. Marriage in London of Lady Sarah Armstrong, the Queen's niece, and Daniel Chatto. UK machine tools (May).

FRIDAY: EU summit in Brussels to discuss new president of European Commission. Meetings of EU environment ministers in Dresden, and culture ministers in Wuerzburg, Germany. UK usable steel production (June).

CURRENCIES AND MONEY

MARKETS REPORT

Dollar weak

The dollar yesterday fell in late trading to its lowest level since April 1993 against the D-Mark after comments from President Clinton unnerved currency markets, *writes Philip Gawith.*

After closing at DM1.5741 in London, the dollar slipped to DM1.5580 in US trading. Against the yen, it was trading at Y98 after closing at Y98.575.

Speaking at the G7 summit in Naples, Mr Clinton caused concern with comments which were taken to show that he was soft on inflation and unconcerned about the level of the dollar.

Sterling had an uneventful day, with the sterling index closing at 79.1 from 79.2.

In Europe the currencies of France, Belgium, Italy and Sweden, which had recently been under pressure, recovered ground against the D-Mark.

There was unconfirmed speculation in the market that European central banks might have bought the dollar to relieve pressure on their own currencies, caused by the stronger D-Mark.

■ Until Mr Clinton's comments, the dollar had traded fairly steadily, notwithstanding a fall in Treasury prices after the release of the June non-farm payroll numbers.

Traders reported a fairly lethargic atmosphere at the end of the week which had promised much action, but delivered little.

■ Pound in New York

Jul 8	Latest	Prev. close
£ spot	1.5475	1.5395
1 mth	1.5469	1.5389
3 mth	1.5464	1.5381
1 yr	1.5428	1.5325

The markets ignored the blizzard of comments emerging from Naples about whether a dollar support package was either necessary, or worthwhile.

The large jump in the payroll number to 379,000, compared to a median forecast of 242,000, led to some speculation that the Fed might lift interest rates at Fed time.

One analyst commented: "Both the foreign exchange and the interest rate markets are crying out for them to intervene. I don't know what they are waiting for."

Interest rates, however, were left unchanged. Mr Avinash Persaud, head of currency research at JP Morgan in Europe, commented: "We believe the Fed's delay does not mark a reluctance to act, but a decision to wait for further justification from the data for a stronger move in the order of 50 basis points."

He said the payroll numbers made a 50 basis point move much more likely. The Fed will now turn its attention to inflation and retail sales figures next week.

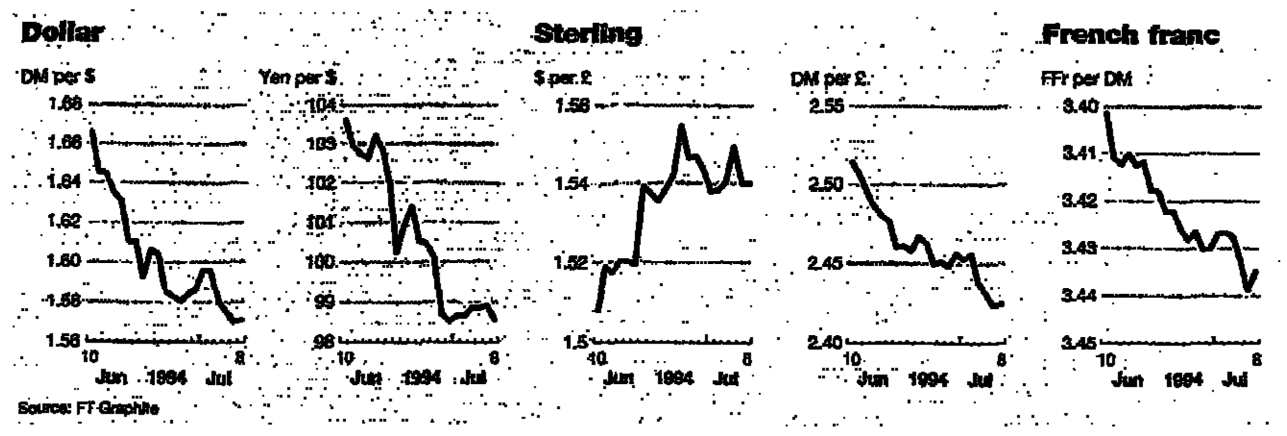
■ The tone in the interest rate futures markets was set by the aggressive selling of PIBOR futures, on fears of higher interest rates to defend the weak French franc.

The franc fell below its old ERM floor this week, closing yesterday at FFr3.434 against the D-Mark. The December PIBOR contract closed at 93.85 from 93.93.

The December eurosterling contract traded 29,000 lots to close at 93.57 from 93.63. Mr Richard Phillips of brokers GNI said short sterling had been weighed down by concerns, similar to France, that higher rates would be needed to support sterling.

■ The Bank of England injected £824m liquidity into UK money markets, after forecasting a £800m shortage. Overnight money traded between 2 and 4¾ per cent.

In the German money market there was little change to rates, with most dealings taking place at about 4.9 per cent.



Source: FT Graphite

■ OTHER CURRENCIES

Jul 8	£	$
Hungary	156.320 - 158.566	101.540 - 101.640
Iran	2699.00 - 2701.00	1748.00 - 1750.00
Kuwait	0.4549 - 0.4563	0.2955 - 0.2962
Poland	34454.0 - 34520.3	22390.0 - 22410.0
Russia	3089.24 - 3098.94	2006.00 - 2011.00
U.A.E.	5.6758 - 5.6871	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Jul 8		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.0573	-0.0277	484 - 661	17.1088	16.9879	17.0535	0.3	17.0479	0.2	-	-	115.0
Belgium	(BFr)	50.1100	-0.0878	645 - 554	50.2680	49.9670	50.215	-2.5	50.37	-2.1	50.375	-0.5	116.1
Denmark	(DKr)	9.5332	-0.0117	277 - 386	9.5651	9.5018	9.5402	-0.9	9.5569	-1.0	9.5863	-0.6	116.9
Finland	(FM)	8.0175	-0.0371	105 - 244	8.0820	8.0105	-	-	-	-	-	-	82.1
France	(FFr)	8.3258	-0.011	210 - 305	8.3551	8.3011	8.3307	-0.7	8.3388	-0.6	8.3267	0.0	109.3
Germany	(DM)	2.4241	-0.0005	229 - 252	2.4354	2.4137	2.4245	-0.2	2.4227	0.2	2.4002	1.0	125.7
Greece	(Dr)	366.200	-0.155	939 - 461	367.913	364.979	-	-	-	-	-	-	-
Ireland	(I£)	1.0118	+0.0009	108 - 128	1.0156	1.0057	1.0122	-0.5	1.0129	-0.5	1.0145	-0.3	104.5
Italy	(L)	2408.96	-10.25	547 - 842	2418.57	2405.47	2413.45	-3.2	2427.1	-3.3	2479.85	-3.0	76.6
Luxembourg	(LFr)	50.1100	-0.0878	645 - 554	50.2680	49.9670	50.215	-2.5	50.37	-2.1	50.375	-0.5	116.1
Netherlands	(Fl)	2.7187	-0.0039	171 - 202	2.7305	2.7099	2.7189	-0.1	2.7172	0.2	2.6927	1.0	120.5
Norway	(NKr)	10.6404	-0.0075	346 - 462	10.6734	10.6006	10.6348	0.6	10.6473	-0.3	10.6385	0.0	96.2
Portugal	(Es)	249.749	-0.455	599 - 899	250.412	248.933	250.724	-4.7	252.669	-4.7	-	-	-
Spain	(Pta)	200.666	-0.677	458 - 653	201.536	200.446	201.036	-2.9	202.011	-2.9	205.431	-2.4	85.8
Sweden	(SKr)	11.9972	-0.0741	879 - 065	12.1027	11.9879	12.0202	-2.3	12.0552	-1.9	12.1532	-1.3	73.3
Switzerland	(SFr)	2.0428	-0.0001	414 - 441	2.0495	2.0315	2.0412	0.9	2.0382	0.9	2.0123	1.5	120.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.1
Ecu	-	1.2687	-0.0025	678 - 696	1.2731	1.2664	1.2698	-1.1	1.2655	1.0	1.2729	-0.3	-
SDR†	-	0.942517	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5364	-	358 - 369	1.5411	1.5352	-	-	-	-	-	-	-
Brazil	(R)	1.4160	+0.0162	133 - 187	1.4187	1.3990	-	-	-	-	-	-	-
Canada	(C$)	2.1409	+0.0023	399 - 419	2.1428	2.1353	2.1426	-1.0	2.1478	-1.3	2.1781	-1.7	85.4
Mexico	(New Peso)	5.2329	-0.0029	275 - 383	5.2446	5.2275	-	-	-	-	-	-	-
USA	($)	1.5400	-	395 - 404	1.5448	1.5367	1.5393	0.5	1.5385	0.4	1.5331	0.4	63.2
Pacific/Middle East/Africa													
Australia	(A$)	2.1070	-0.0047	049 - 090	2.1215	2.1048	2.1063	0.4	2.1047	0.4	2.1037	0.2	-
Hong Kong	(HK$)	11.9008	-0.0006	966 - 051	11.9378	11.8923	11.8926	0.8	11.8889	0.4	11.9159	-0.1	-
India	(Rs)	48.3083	-0.0038	864 - 301	48.4530	48.2770	-	-	-	-	-	-	-
Japan	(Y)	151.801	-0.677	718 - 883	152.610	151.420	151.416	3.0	150.616	3.1	146.111	3.7	191.7
Malaysia	(M$)	3.9968	-0.0008	968 - 007	4.0120	3.9968	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5589	-0.0176	560 - 618	2.5750	2.5560	2.5582	0.3	2.5617	-0.4	2.5683	-0.4	-
Philippines	(Peso)	41.5018	+0.0001	816 - 219	41.8219	41.1816	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7754	-	734 - 773	5.7933	5.7709	-	-	-	-	-	-	-
Singapore	(S$)	2.3415	-	400 - 429	2.3487	2.3400	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.6666	+0.0065	638 - 694	5.6810	5.6451	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.2994	-0.0365	818 - 169	7.3582	7.2818	-	-	-	-	-	-	-
South Korea	(Won)	1239.89	-0.31	945 - 033	1243.72	1238.96	-	-	-	-	-	-	-
Taiwan	(T$)	41.1621	-0.047	416 - 826	41.2632	41.1371	-	-	-	-	-	-	-
Thailand	(Bt)	38.4834	-0.0154	567 - 100	38.6050	38.4567	-	-	-	-	-	-	-

†SDR rate for Jul 7. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jul 8		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	11.0765	-0.018	740 - 790	11.1065	11.0310	11.061	-0.5	11.069	-0.5	11.0265	0.5	104.2
Belgium	(BFr)	32.5400	-0.044	200 - 600	32.6300	32.4800	32.5625	-0.8	32.5975	-0.7	32.63	-0.3	105.2
Denmark	(DKr)	6.1908	-0.0076	888 - 923	6.2076	6.1700	6.1981	-1.5	6.2126	-1.4	6.2506	-1.0	105.4
Finland	(FM)	5.2063	-0.0241	033 - 093	5.2443	5.2051	5.2088	-0.6	5.2138	-0.6	5.2573	-1.0	76.8
France	(FFr)	5.4065	-0.0072	050 - 080	5.4227	5.3897	5.4121	-1.2	5.42	-1.0	5.3828	0.4	105.7
Germany	(D)	1.5741	-0.0004	738 - 744	1.5800	1.5677	1.5748	-0.4	1.5747	-0.2	1.5656	0.5	108.7
Greece	(Dr)	237.800	-0.1	700 - 900	238.750	237.200	239.15	-6.8	240	-3.7	242.3	-1.9	69.4
Ireland	(I£)	1.5220	-0.0014	209 - 230	1.5303	1.5168	1.5207	1.0	1.5186	0.9	1.5099	0.8	-
Italy	(L)	1583.00	-6.66	250 - 350	1570.50	1562.75	1587.95	-3.8	1577.56	-3.7	1617.5	-3.5	76.9
Luxembourg	(LFr)	32.5400	-0.044	200 - 600	32.6300	32.4800	32.5625	-0.8	32.5975	-0.7	32.63	-0.3	105.2
Netherlands	(Fl)	1.7654	-0.0026	649 - 659	1.7719	1.7594	1.766	-0.4	1.7661	-0.2	1.7565	0.5	105.5
Norway	(NKr)	6.9096	-0.0048	078 - 113	6.9265	6.8805	6.9131	-0.6	6.9211	-0.7	6.8681	0.6	96.4
Portugal	(Es)	162.180	-0.295	130 - 230	162.500	161.750	163.48	-9.6	165.68	-8.6	171.93	-6.0	94.1
Spain	(Pta)	130.235	-0.44	210 - 260	130.800	130.180	130.61	-3.5	131.305	-3.3	133.995	-2.9	80.8
Sweden	(SKr)	7.7907	-0.0481	869 - 944	7.8538	7.7865	7.8092	-2.8	7.8472	-2.9	8.0057	-2.8	78.2
Switzerland	(SFr)	1.3265	-0.0001	260 - 270	1.3300	1.3197	1.3262	0.3	1.3248	0.5	1.3127	1.0	108.6
UK	(£)	1.5400	-	395 - 404	1.5448	1.5367	1.5393	0.5	1.5385	0.4	1.5331	0.4	87.4
Ecu	-	1.2138	+0.0023	133 - 143	1.2161	1.2102	1.2122	1.6	1.2096	1.4	1.2232	-0.8	-
SDR†	-	1.45289	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9977	-	976 - 977	0.9980	0.9976	-	-	-	-	-	-	-
Brazil	(R)	0.9195	+0.0105	180 - 210	0.9210	0.9140	-	-	-	-	-	-	-
Canada	(C$)	1.3903	+0.0015	900 - 905	1.3905	1.3869	1.392	-1.5	1.3961	-1.7	1.4194	-2.1	82.0
Mexico	(New Peso)	3.3981	-0.0019	956 - 006	3.4006	3.3950	3.3991	-0.4	3.4009	-0.3	3.4083	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3682	-0.0031	672 - 691	1.3774	1.3661	1.3685	-0.3	1.3687	-0.1	1.3724	-0.3	86.0
Hong Kong	(HK$)	7.7281	-0.0004	276 - 286	7.7290	7.7276	7.7276	0.1	7.7301	-0.1	7.7443	-0.2	-
India	(Rs)	31.3700	-0.0025	650 - 750	31.3750	31.3650	31.45	-3.1	31.595	-2.9	-	-	-
Japan	(Y)	98.5750	-0.44	500 - 000	99.0100	98.3000	98.37	2.5	97.9	2.7	95.315	3.3	151.6
Malaysia	(M$)	2.5967	-0.0005	962 - 972	2.5997	2.5940	2.5892	3.5	2.5857	1.7	2.6167	-0.8	-
New Zealand	(NZ$)	1.6617	-0.0114	603 - 631	1.6720	1.6595	1.6635	-1.3	1.6681	-1.6	1.6898	-1.7	-
Philippines	(Peso)	26.9500	-	500 - 500	27.2000	26.7500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	-	502 - 505	3.7505	3.7502	3.751	-0.2	3.753	-0.3	3.7657	-0.4	-
Singapore	(S$)	1.5205	-	200 - 210	1.5210	1.5205	1.5198	0.6	1.5195	0.3	1.5215	-0.1	-
S Africa (Com.)	(R)	3.6798	+0.0043	790 - 805	3.6895	3.6640	3.6953	-5.1	3.7236	-4.8	3.8003	-3.3	-
S Africa (Fin.)	(R)	4.7400	-0.025	300 - 500	4.7750	4.7300	4.7737	-8.5	4.8325	-7.8	-	-	-
South Korea	(Won)	805.150	-0.2	100 - 200	805.700	805.100	808.15	-4.5	811.65	-3.2	830.15	-3.1	-
Taiwan	(T$)	26.7295	-0.0305	240 - 350	26.7580	26.7240	26.7495	-0.9	26.7895	-0.9	-	-	-
Thailand	(Bt)	24.9900	-0.01	800 - 000	25.0000	24.9800	25.0625	-3.5	25.19	-3.2	25.67	-2.7	-

†SDR rate for Jul 7. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jul 7. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jul 8		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.02	16.61	4.837	2.018	4801	5.424	21.23	498.3	400.1	23.93	4.075	1.996	4.271	3.073	302.9	2.530
Denmark	(DKr)	52.56	10	8.733	2.543	1.061	2524	2.851	11.16	261.9	210.3	12.58	2.142	1.049	2.245	1.615	159.2	1.330
France	(FFr)	60.19	11.45	10	2.912	1.214	2890	3.265	12.78	299.9	240.8	14.40	2.453	1.201	2.571	1.850	182.3	1.523
Germany	(DM)	20.67	3.933	3.434	1	0.417	992.6	1.121	4.389	103.0	82.71	4.946	0.842	0.413	0.883	0.635	62.62	0.523
Ireland	(I£)	49.56	9.429	8.234	2.398	1	2380	2.688	10.52	247.0	198.3	11.86	2.020	0.989	2.117	1.523	150.1	1.254
Italy	(L)	2.083	0.396	0.346	0.101	0.042	100.	0.113	0.442	10.38	8.333	0.498	0.085	0.042	0.089	0.064	6.309	0.053
Netherlands	(Fl)	18.44	3.507	3.063	0.892	0.372	885.2	1	3.915	91.87	73.77	4.411	0.751	0.368	0.787	0.567	55.85	0.467
Norway	(NKr)	47.10	8.960	7.824	2.278	0.950	2261	2.555	10	234.7	188.4	11.27	1.919	0.940	2.011	1.447	142.7	1.192
Portugal	(Es)	20.07	3.818	3.334	0.971	0.405	963.6	1.089	4.261	100.	80.30	4.802	0.818	0.400	0.857	0.617	60.79	0.508
Spain	(Pta)	24.99	4.755	4.152	1.209	0.504	1200	1.356	5.307	124.5	100.	5.980	1.018	0.499	1.067	0.768	75.71	0.632
Sweden	(SKr)	41.79	7.951	6.943	2.022	0.843	2007	2.267	8.874	208.3	167.2	10	1.703	0.834	1.785	1.284	126.6	1.058
Switzerland	(SFr)	24.54	4.668	4.077	1.187	0.495	1178	1.331	5.211	122.3	98.19	5.872	1	0.490	1.048	0.754	74.34	0.621
UK	(£)	50.11	9.533	8.325	2.424	1.011	2408	2.718	10.64	249.7	200.5	11.99	2.042	1	2.140	1.540	151.8	1.268
Canada	(C$)	23.42	4.455	3.890	1.133	0.472	1124	1.270	4.972	116.7	93.69	5.603	0.954	0.467	1	0.720	70.93	0.593
US	($)	32.54	6.190	5.406	1.574	0.656	1562	1.765	6.908	162.1	130.2	7.786	1.326	0.649	1.390	1	98.57	0.823
Japan	(Y)	330.1	62.80	54.84	15.97	6.660	15850	17.91	70.09	1645	1321	78.99	13.45	6.588	14.10	10.14	1000.	8.353
Ecu		39.52	7.518	6.565	1.912	0.797	1897	2.144	8.391	196.9	158.1	9.456	1.610	0.789	1.688	1.215	119.7	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Jul 8	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.15034	-0.00057	-2.11	5.17	-
Germany	1.94964	1.91687	-0.00032	-1.69	4.72	-
Belgium	40.2123	39.6271	-0.0676	-1.46	4.47	11
Ireland	0.808628	0.799228	+0.001692	-1.16	4.16	8
France	6.53883	6.58291	-0.0029	0.67	2.26	-6
Denmark	7.43679	7.53637	-0.00216	1.34	1.59	-9
Portugal	192.854	197.609	-0.032	2.47	0.47	-17
Spain	154.250	158.801	+0.144	2.95	0.00	-21
NON ERM MEMBERS						
Greece	264.513	289.327	-0.038	9.38	-5.89	-
Italy	1793.19	1906.60	+1.23	6.32	-3.17	-
UK	0.786749	0.789436	+0.001518	0.34	2.60	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6361	0.6348	-0.0011	0.6374	0.6325	38,170	87,726
Dec	0.6365	0.6360	-0.0001	0.6370	0.6337.	96	2,742
Mar	-	0.6379	-	-	-	2	719

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.0186	1.0189	+0.0010	1.0225	1.0148	23,817	64,891
Dec	1.0247	1.0270	+0.0010	1.0296	1.0228	244	3,925
Mar	1.0383	1.0378	+0.0035	1.0383	1.0375	8	673

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jul	CALLS Aug	CALLS Sep	PUTS Jul	PUTS Aug	PUTS Sep
1.450	8.89	8.86	8.90	-	0.02	0.21
1.475	6.40	6.50	6.77	-	0.13	0.51
1.500	3.94	4.35	4.86	-	0.46	1.01
1.525	1.77	2.55	3.23	0.27	1.15	1.86
1.550	0.41	1.32	2.01	1.40	2.38	3.08
1.575	0.02	0.58	1.15	3.46	4.06	4.70

Previous day's vol., Calls 121,721 Puts 29,314 . Prev. day's open int., Calls 613,771 Puts 523,235

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.7555	0.7542	-0.0019	0.7580	0.7515	17,251	47,585
Dec	0.7575	0.7570	-	0.7588	0.7545	88	1,003
Mar	-	0.7605	-	-	-	1	10

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5390	1.5382	+0.0008	1.5420	1.5362	12,929	38,627
Dec	-	1.5380	-	1.5410	-	34	418
Mar	-	1.5370	-	1.5380	1.5360	2	148

WORLD INTEREST RATES

MONEY RATES

July 8	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	5	6¾	6¾	6¾	6¾	7.40	4.50	-
week ago	5	6¾	5⅞	5⅞	6¼	7.40	4.50	-
France	5¾	5¾	5¾	5⅞	6⅜	5.10	-	6.75
week ago	5¾	5¾	5¾	6¼	6¼	5.10	-	6.75
Germany	4.88	4.90	4.90	4.95	5.10	6.00	4.50	4.93
week ago	5.18	4.90	4.95	4.95	5.13	6.00	4.50	5.05
Ireland	5⅜	5⅝	5 11/16	6¼	6⅝	-	-	6.25
week ago	5⅜	5⅝	5 11/16	6⅜	6⅝	-	-	6.25
Italy	8¼	8¼	8½	8⅞	9⅜	-	7.00	8.00
week ago	8	8¼	8¾	8⅞	9¼	-	7.00	8.00
Netherlands	4.97	4.94	4.96	5.05	5.24	-	5.25	-
week ago	4.97	4.94	4.89	5.06	5.24	-	5.25	-
Switzerland	4	4¼	4⅜	4¼	4¾	6.625	3.50	-
week ago	3⅞	4¼	4¾	4⅞	4 11/16	6.625	3.50	-
US	4⅜	4½	4¾	5⅜	5 11/16	-	3.50	-
week ago	4⅜	4½	4⅞	5¼	5⅞	-	3.50	-
Japan	2	2⅛	2½	2½	2⅜	-	1.75	-
week ago	2⅛	2⅛	2⅜	2⅜	2⅝	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	4⅜	4 11/16	5¼	5¾	-	-	-
week ago	-	4⅜	4⅞	5⅜	5 13/16	-	-	-
US Dollar CDs	-	4.29	4.58	4.92	5.51	-	-	-
week ago	-	4.29	4.74	5.04	5.61	-	-	-
SDR Linked Ds	-	3½	3⅜	3¾	4	-	-	-
week ago	-	3½	3⅜	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 6 ; 3 mths: 6 ; 6 mths: 6¼; 1 year: 6⅜. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jul 8	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5¼ - 5	5⅜ - 5⅛	6⅛ - 6⅜	6⅝ - 6⅜	6⅝ - 6⅜	6⅝ - 6⅜
Danish Krone	5⅜ - 5⅛	5¾ - 5½	5 13/16 - 5 9/16	6¼ - 6	6⅝ - 6⅜	6 13/16 - 6 9/16
D-Mark	4 15/16 - 4 13/16	4 15/16 - 4 13/16	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 - 4⅞	5 5/16 - 5 3/16
Dutch Guilder	4 15/16 - 4 13/16	4 15/16 - 4 13/16	4 15/16 - 4⅞	5 - 4 15/16	5¼ - 4 15/16	5⅝ - 5⅛
French Franc	5½ - 5⅜	5½ - 5⅜	5⅝ - 5 7/16	5 15/16 - 5⅞	5 15/16 - 5 13/16	6⅛ - 6
Portuguese Esc.	12¼ - 11⅞	14½ - 13½	14¼ - 13¾	14½ - 13½	13¼ - 12¾	12¾ - 12¼
Spanish Peseta	7⅜ - 7⅛	7⅝ - 7⅜	7⅝ - 7¾	8 - 7⅞	8⅞ - 8⅝	9 5/16 - 8 11/16
Sterling	4¾ - 4½	4¾ - 4⅝	5⅛ - 5	5¼ - 5⅛	5 5/16 - 5 7/16	6⅛ - 6¼
Swiss Franc	4¼ - 4	4¼ - 4	4⅜ - 4¼	4 5/16 - 4¼	4 7/16 - 4¼	4⅝ - 4½
Can. Dollar	5⅝ - 5⅜	5¾ - 5½	6 - 5⅞	6½ - 6⅜	7⅛ - 7	7 15/16 - 7 13/16
US Dollar	4¼ - 4⅛	4⅜ - 4¼	4⅜ - 4 5/16	4 13/16 - 4 11/16	5¼ - 5⅛	5¾ - 5⅝
Italian Lira	8 - 7½	8⅛ - 7⅞	8¼ - 8⅛	8½ - 8⅜	8⅞ - 8¾	9⅜ - 9¼
Yen	2⅛ - 2⅜	2⅛ - 2⅜	2⅛ - 2 1/16	2⅝ - 2⅜	2⅜ - 2⅛	2⅝ - 2 5/16
Asian $Sing	3⅞ - 3¾	3⅞ - 3¾	4 7/16 - 4¼	4¾ - 4⅝	5⅜ - 5¼	5 13/16 - 5 11/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.15	94.04	-0.14	94.17	94.01	39,934	59,255
Dec	93.91	93.85	-0.08	93.91	93.80	14,958	40,005
Mar	93.69	93.67	-0.04	93.70	93.61	8,304	32,090
Jun	93.41	93.45	-0.03	93.48	93.37	3,668	24,140

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.74	94.63	-0.12	94.74	94.73	79	2430
Dec	94.04	93.92	-0.14	94.04	93.96	132	1932
Mar	93.76	93.63	-0.16	93.76	93.66	100	1253
Jun	93.55	93.33	-0.16	93.35	93.35	100	380

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.15	95.16	+0.01	95.17	95.14	16455	188856
Dec	94.95	94.97	+0.02	94.97	94.93	17359	188867
Mar	94.66	94.69	+0.03	94.70	94.64	15056	167617
Jun	94.33	94.39	+0.06	94.39	94.32	8901	101626

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	91.20	91.23	-	91.28	91.08	5540	34804
Dec	90.82	90.92	+0.01	90.92	90.75	2824	44900
Mar	90.45	90.54	-0.01	90.54	90.44	880	12260
Jun	89.96	90.07	+0.02	90.05	89.96	253	9937

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.66	95.66	-	95.68	95.64	1777	26439
Dec	95.42	95.43	-	95.44	95.41	766	9985
Mar	95.10	95.11	-0.01	95.13	95.10	738	9966
Jun	94.78	94.77	-	94.78	94.76	128	1492

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	93.80	93.75	-0.04	93.80	93.68	1513	11060
Dec	93.62	93.53	-0.06	93.62	93.45	859	8939
Mar	93.34	93.32	-	93.35	93.26	544	3839
Jun	92.98	92.99	+0.02	92.99	92.95	69	848

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.74	94.62	-0.12	94.74	94.59	85,214	446,829
Dec	94.05	93.90	-0.15	94.05	93.88	92,920	418,246
Mar	93.77	93.61	-0.16	93.78	93.58	43,037	307,813

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	95.22	95.10	-0.12	95.22	95.07	1,159	20,684
Dec	94.56	94.61	-0.14	94.56	94.50	229	9,081
Mar	94.19	94.20	-0.17	94.20	94.19	119	1,588

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jul	CALLS Aug	CALLS Sep	CALLS Dec	PUTS Jul	PUTS Aug	PUTS Sep	PUTS Dec
9500	0.17	0.19	0.21	0.21	0.01	0.03	0.05	0.24
9525	0.02	0.05	0.07	0.11	0.11	0.14	0.16	0.39
9550	0	0.01	0.02	0.05	0.34	0.35	0.36	0.58

Est. vol. total, Calls 3589 Puts 800. Previous day's open int., Calls 221698 Puts 154869

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9550	0.23	0.21	0.21	0.07	0.28	0.60
9575	0.09	0.10	0.13	0.18	0.42	0.77
9600	0.03	0.05	0.07	0.37	0.62	0.96

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 305 Puts 1025

UK INTEREST RATES

LONDON MONEY RATES

Jul 8	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	4¾ - 2	4 15/16 - 4¾	5 1/16 - 4 15/16	5¼ - 5⅛	5 9/16 - 5 7/16	6 5/16 - 6 3/16
Sterling CDs	-	-	4 15/16 - 4⅞	5⅛ - 5 1/16	5 7/16 - 5⅜	6¼ - 6⅛
Treasury Bills	-	-	4 27/32 - 4 27/32	4 31/32 - 4 29/32	-	-
Bank Bills	-	-	4 29/32 - 4 27/32	5 1/16 - 4 15/16	5 11/32 - 5¼	-
Local authority deps.	4 15/16 - 4 11/16	4 15/16 - 4⅞	5 1/16 - 4 15/16	5⅜ - 5⅛	5 9/16 - 5 7/16	6¼ - 6⅛
Discount Market deps	4¾ - 3¾	4¾ - 4⅝	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.9698pc. ECGD fixed rate Stg. Export Finance. Make up day June 30, 1994. Agreed rate for period Jul 26, 1994 to Aug 23, 1994, Schemes II & III 6.44pc. Reference rate for period Jun 1, 1994 to June 30, 1994, Schemes IV & V 5.1870pc. Finance House Base Rate 5½pc from July 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.35	94.33	-0.03	94.37	94.32	17091	106596
Dec	93.63	93.57	-0.06	93.64	93.55	29198	150521
Mar	92.93	92.91	-0.04	92.95	92.86	6692	68312
Jun	92.36	92.35	-0.03	92.38	92.30	2353	51965

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9425	0.20	0.09	0.07	0.12	0.77	1.41
9450	0.06	0.04	0.04	0.25	0.97	1.63
9475	0.02	0.02	0.02	0.44	1.20	1.86

Est. vol. total, Calls 23974 Puts 7894. Previous day's open int., Calls 209081 Puts 203659

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	TSB	5.25
Bank of Baroda	5.25	Girobank	5.25	●United Bk of Kuwait	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	Unity Trust Bank Plc	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Western Trust	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25		
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of London Investment Banking Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

CAF Money Management Co Ltd

The CBF Charities Deposit Account

Cent. Bd. of Fin. of Church of England

Money Market Bank Accounts

Aitken Hume Bank plc

Allied Trust Bank Ltd

American Express Bank Ltd

Bank of Ireland High Interest Cheque Acc

Bank of Scotland

Barclays Select

Barclays Prime Account H.I.C.A.

Brewin Shipley & Co Ltd

Caledonia Bank Plc

Cater Allen Ltd

Charterhouse Bank Limited

Clydesdale Bank Flexible Solution Acc

The Co-operative Bank

Coutts & Co

Dao Heng Bank (London) PLC Premier Acc

Dunbar Bank

Fidelity Money Market Account

Halifax Bldg Soc Asset Reserve Cheque Acc

Julian Hodge Bank Ltd

Kleinwort Benson Ltd

Kleinwort Benson Private Bank

Leopold Joseph & Sons Limited

Lloyds Bank - Investment Account

Midland Bank plc

Nationwide Bldg Soc - Businessinvestor

Portman Bldg Soc Prestige Cheque Account

Rea Brothers Limited, Bankers

Royal Bank of Scotland plc Premium Acc

Save & Prosper/Robert Fleming

Tyndall Bank plc

United Dominions Trust Ltd

Unity Trust Bank plc (formerly ULC)

J. Henry Schroder Wagg & Co Ltd

Western Trust High Interest Cheque Acc

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities *not* included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's *Official List* the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ɸ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £124$\frac{3}{32}$

Corporation and County Stocks

London County 2½% Cons Stk 1920(or after) - £27¼
Bristol Corp Deb Stk (3½%) - £35½ (6Jy94)
Dudley Metropolitan Borough Council7% Ln Stk 2019 (Reg)(F/P) - £79½ (6Jy94)
Leicester City Council 7% Ln Stk 2019(Reg)(F/P) - £79½ (6Jy94)
Leicester City Council 7% Ln Stk 2019(Reg Int Certs)(P/P) - £19⅜ ⅝ (4Jy94)
Liverpool Corp 2¾% Red Stk 1925(or after) - £27 (5Jy94)
Manchester Corp 4% Cons Ird Stk - £40 (4Jy94)
Oldham Met Borough Council 11.25% Red Stk 2010 - £115½ (1Jy94)
Salford (City of) 7% Ln Stk 2019(Reg)(F/P) - £79½ (6Jy94)
Salford (City of) 7% Ln Stk 2019(Reg Int Certs)(P/P) - £18⅞ (5Jy94)

UK Public Boards

Clydeport Ld 3% Ird Stk - £30½ (5Jy94)
Metropolitan Water Lambeth Water Works Co 3% Red Deb Stk - £60½ (6Jy94)
Metropolitan Water West Middlesex Water Works Co 3% Deb Stk - £60 (5Jy94)

Foreign Stocks, Bonds, etc- (coupons payable in London)

Abbey National Sterling Capital PLC8¾% Subord Gtd Bds 2004(Br£Vars) - £94⅝ (6Jy94)
Abbey National Sterling Capital PLC10⅜% Subord Gtd Bds 2002 (Br £ Var) - £103½ .7 (1Jy94)
Abbey National Treasury Servs PLC 7¾% Gtd Nts 1998 (Br £ Var) - £97.3
Abbey National Treasury Servs PLC 8% Gtd Bds 2003 (Br £ Var) - £91⅛ ⅜ ⅞
Abbey National Treasury Servs PLC 10½% Gtd Nts 1997 (Br £Var) - £105⅞ (6Jy94)
Acer Incorporated 4% Bds 2001(Br$10000) - $189 189½ 191½ 192
African Development Bank 11¼% Bds 2001 - £109$\frac{11}{16}$
Allied-Lyons PLC 10⅝% Bds 1999(Br£5000&100000) - £105.4 (1Jy94)
Anglian Water PLC 12% Bds 2014 (Br £10000&100000) - £122$\frac{7}{16}$ .8625 (6Jy94)
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) - £104½ (5Jy94)
ASDA Group PLC 10⅞% Bds 2010(Br£10000&100000) - £105.85 (6Jy94)
Associated British Ports Hldgs PLC 10⅞% Bds 2015(Br£10000&100000) - £107¾ (4Jy94)
BP America Inc 9½% Gtd Nts 1998 (Br £ Var) - £103 (1Jy94)
Bank of Greece 9¾% Bds 2003 (Br £ Var) - £88⅝ (5Jy94)
Barclays Bank PLC 6.5% Nts 2004(Br£Various) - £81.85
Barclays Bank PLC 9.875% Undated Subord Nts - £95⅞ (5Jy94)
Barclays Bank PLC 10¼% Sen Sub Bds 1997(Br£1000&10000) - £104⅜ (5Jy94)
Barclays Bank PLC 12¾% Senior Subord Bds 1997(Br£Var) - £110⅞ 1⅝ (6Jy94)
Barings PLC 9¼% Perp Subord Nts (Br£Various) - £85 (4Jy94)
Bradford & Bingley Building SocietyCollared FltgRteNts 2003(Reg Mult£1000) - £94¼ (4Jy94)
Bradford & Bingley Building SocietyCollared Fltg Rte Nts 2003 (Br £ Var) - £94¼
Bristol & West Building Society 10⅛% Subord Bds 2018 (Br £ Var) - £101.325 (5Jy94)
British Airways PLC 9½% Nts 1997(Br£1000&10000) - £102⅞ (6Jy94)
British Airways PLC 10% Bds 1998(Br£1000&10000) - £103½ (6Jy94)
British Gas Intl Finance BV 8¾% Gtd Bds 1997 (Br $1000&10000) - $100½ (5Jy94)
British Gas Intl Finance BV 10⅛% Gtd Bds *1998(Br $C1000&10000) - $C102 (5Jy94)*
British Gas PLC 7⅝% Nts 1997 (Br £ Var) - £99¼
British Gas PLC 7⅝% Bds 2000 (Br £ Var) - £94$\frac{7}{16}$ (1Jy94)
British Gas PLC 10⅞% Bds 2001(Br £1000,10000&100000) - £108$\frac{15}{32}$ (5Jy94)
British Gas PLC 8⅛% Bds 2003 (Br £ Var) - £93⅛ (6Jy94)
British Gas PLC 8⅞% Bds 2008 (Br £ Var) - £97⅛ (5Jy94)
British Gas PLC 7⅛% Bds 2044(Br£1000,10000,1000000) - £78½ (5Jy94)
British Telecommunications PLC Zero Cpn Bds 2000(Br£1000&10000) - £61¼ (5Jy94)
British Telecommunications PLC 7⅛% Bds 2003 (Br £ Var) - £88⅝
Burmah Castrol Capital(Jersey) Ld 9½% Cnv *Cap Bds 2006 (Reg £1000) - £148½ 8*
CRH Capital Ld 5¾% Cnv Cap Bds 2005(Br$5000) - $119¾ (6Jy94)
Cable & Wireless Int Finance BV 10⅜% Gtd Bds 2002 (Br £10000&100000) - £103$\frac{11}{16}$
Commercial Union PLC 10¾% Gtd Bds 2002 (Br £ Var) - £105$\frac{9}{16}$ (6Jy94)
Daily Mail & General Trust PLC 8¾% Exch Bds 2005 (Br£1000&5000) - £147 (5Jy94)
Denmark(Kingdom of) 8¾% Nts 1998 (Br £ Var) - £94⅛ $\frac{3}{16}$
Depfa Finance N.V. 7⅛% Gtd Bds 2003 (Br £ Var) - £86
Eastern Electricity PLC 8⅜% Bds 2004(Br£ Vars) - £93½ ¾ .78 (6Jy94)
Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 *(Reg £5000)* - £97¼ .3 ½
Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006(Br£5000&100000) - £97 (1Jy94)
Far Eastern Textile Ld 4% Bds 2008(Br$10000) - $112¼
Finland(Republic of) 9¾% Nts 1997 (Br£ Var) - £104$\frac{1}{16}$ (5Jy94)
Finland(Republic of) 10⅛% Bds 2008(Br£1000&10000) - £108.1 (1Jy94)
Finland(Republic of) 10⅝% Bds 1998 - *£105⅝ (1Jy94)*
Forte PLC 9⅛% Bds 2003 (Br £ Var) - £95½ (5Jy94)
Fuji Bank Ld 1¾% Cnv Bds 2002(Br$5000) - $114¼ 114½ (5Jy94)
Guaranteed Export Finance Corp PLC 10⅝% Gtd Bds 2001 (Br£Var) - £107¼ (5Jy94)
Guaranteed Export Finance Corp PLC Gtd Zero Cpn Bds 2000(Br£10000&100000) - £57¼ (5Jy94)
HSBC Holdings PLC 9⅞% Subord Bds 2018 (Br £ Var) - £98.875 (1Jy94)
Halifax Building Society 7¾% Nts 1998 (Br £ Var) - £97 ⅛
Halifax Building Society 10⅜% Nts 1997(Br£1000&10000) - £105$\frac{5}{16}$ (5Jy94)
Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - *£110.3 (6Jy94)*
Hanson Trust PLC 10% Bds 2006 (Br£5000) - £100¼ (5Jy94)
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Br£1000&10000) - £129 (1Jy94)
Hydro-Quebec 9⅝% Debs Srs GY 6/6/95(Br£1000&10000) - £102¼ (6Jy94)
Imperial Chemical Industries PLC 10% Bds 2003(Br£1000&10000) - £101½ 2¼ (6Jy94)
International Bank for Rec & Dev 9¼% Bds *2007 (Br£5000) - £101⅞ (6Jy94)*
International Bank for Rec & Dev 10% Bds 1999(Br£1000&10000) - £104¼ (4Jy94)
Italy(Republic of) 10½% Bds 2014 (Br£10000&50000) - £108 (5Jy94)
Japan Development Bank 7% Gtd Bds 2000 (Br £ Var) - £92¼ (1Jy94)
Kansai Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £95⅞
Kyushu Electric Power Co Inc 8% Nts 1997 *(Br £ Var) - £99.45 (6Jy94)*
Ladbroke Group PLC 8⅞% Bds 2003 (Br £ Var) - £91¼ (5Jy94)
Land Securities PLC 9½% Bds 2007(Br£1000&10000) - £98⅜ (5Jy94)
Land Securities PLC 9⅜% Cnv Bds 2004 (Br£5000&50000) - £110¼ (6Jy94)
Lasmo PLC 9½% Nts 1999 (Br £ Var) - £97⅞ (5Jy94)
Leeds Permanent Building Society 7½% Nts 1997(Br£Var) - £97$\frac{7}{16}$ (5Jy94)
Leeds Permanent Building Society 7⅞% Nts 1998 (Br £ Var) - £98$\frac{7}{16}$ (4Jy94)
Lloyds Bank PLC 7⅜% Subord Bds 2004(Br£Various) - £85¾ (6Jy94)
Lloyds Bank PLC Subord Fltg Rte Nts(Br£ Vars) - £100.15 (6Jy94)
Marks & Spencer Finance PLC 7⅜% Gtd Nts 1998 (Br £ Var) - £96 (1Jy94)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Br - £105¼ (4Jy94)
Nippon Telegraph and Telephone Corp8⅝% Nts 1998(Br$5000) - $107½ 107¾ (6Jy94)
Nippon Telegraph and Telephone Corp10⅞% Bds 2001 (Br £1000&10000) - £107½ (5Jy94)
Norsk Hydro AS 9¾% Nts 2003 (Br £1000&10000) - £100 (5Jy94)
Osaka Gas Co Ld 8.125% Bds 2003 (Br £ Var) - £92⅛
PCO Finance Ld 8% Cnv Bds 2005 (Br£5000) - £83 (4Jy94)
RTZ Canada Inc 7¼% Gtd Bds 1998(Br£5000&100000) - £94¼ (5Jy94)
Redland Capital PLC 7¼% Cnv Bds 2002(Br£1000&10000) - £102 (6Jy94)
Robert Fleming Intl Finance Ld 9¼% Perp Subord Gtd Nts (Br £ Var) - £84¼ (6Jy94)
Royal Bank of Scotland PLC 6⅝% Bds *2004(Br£Vars) - £82⅛*
Royal Bank of Scotland PLC 10.5% Subord Bds 2013 (Br £ Var) - £108½ ½ (4Jy94)
Royal Bank of Scotland PLC 10⅝% Subord Bds 1998 (Br£5000&25000) - £105⅜ (1Jy94)
Royal Insurance Hldgs PLC 9⅝% Subord Bds 2003 (Br £ Var) - £96⅞ (4Jy94)
Sainsbury (J.)(Channel Islands)Ld 8½%CnvCapBds 2005(Br £5000&100000) - *£128 (1Jy94)*
Scottish Amicable Finance PLC 8.5% Undated Subord Gtd Bds (Br£Var) - £81¼ (4Jy94)
Severn Trent PLC 11½% *Bds* 1999 (Br £5000&100000) - £108⅝ (4Jy94)
Siam Commercial PLC 3.25% Subord Cnv Bds 2004 - $81¼ 82 (4Jy94)
Sincere Navigation Corporation 3.75% Bds 2003 (Br $10000&100000) - $101½ 102 (6Jy94)
Skandia Capital AB 11% Gtd Nts 1998(Br£1000&10000) - £105.2 .35 (1Jy94)
State Electricity Comm of Victoria 10½% Gtd Nts 2003(Br $A1000&10000) - $100½ (5Jy94)
Sweden(Kingdom of) 8¾% Bds 1998(Br$5000) - £102½ (6Jy94)
Sweden(Kingdom of) 11¼% Bds 1995(Br £5000) - £103¾ (6Jy94)
Tarmac Finance (Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £103¼ (6Jy94)
Tate & *Lyle Finance PLC 8% Gtd Bds* 1999(Br£10000&100000) - £95⅛ (5Jy94)
Tate&Lyle IntlFin PLC/Tate&Lyle PLC 5¾% *T&LIlFnGdBds 2001(Br) W/WtsT&LPLC* - £82½ 3 (4Jy94)
Tesco PLC 8¾% Bds 2003(Br£Vars)(FyPd) - £95½ (4Jy94)
Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg £1) - £117 ¼
Tesco Capital Ld 9% Cnv Cap Bds 2005(Br£5000&10000) - £113 (4Jy94)
Thames Water PLC 9½% CnvSubordBds 2006(Br£5000&50000) - £117¾ (4Jy94)
Tokyo Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £95.9 6 (6Jy94)
Tokyo Electric Power Co Inc 8.125% Nts *2003(Br$ Vars) - $99.45 99⅝ (6Jy94)*
Tokyo Gas Co Ld 5.5% Nts 1998(Br$Vars) - $94½ (4Jy94)
Treasury Corporation of Victoria 8¾% Gtd Bds 2003 (Br £ Var) - £95.2
U-Ming Marine Transport Corporation1½% Bds 2001(Reg *in Mult $1000) - $91½* (4Jy94)
Victorian Pblc Athrs Fin Agency 9⅝% Gtd Bds 1999(Br£Vars) - £102¼
Warburg(S.G.) Group PLC 9% Perp Subord Nts (RepNtsBr£) - £84⅛ (1Jy94)
Woolwich Building Society 7% Nts 1998 (Br £ Var) - £93¾ (6Jy94)
Woolwich Building Society 11⅝% Subord Nts 2001 - £108½ (4Jy94)
GMAC Australia (Finance) Ld $A 60m 6.375% Nts 24/2/97 - $A95⅛ 95¾ (4Jy94)
Sweden(Kingdom of) £600m 7½% Nts 3/12/97 - £98.095
Sweden(Kingdom of) £250m 7% Instruments 23/12/98 - £94.685 (5Jy94)
Sweden(Kingdom of) $C200m 8¼% Debt Instr 29/12/98 - $C95⅛ 95⅞ (5Jy94)
Sweden(Kingdom of) £350m 7⅝% Bds 28/7/2000 - £93$\frac{7}{16}$ (6Jy94)
Sweden(Kingdom of) ECU100m 7¼% Nts 2000 - EC97¾ 98¼ (5Jy94)

Sterling Issues by Overseas Borrowers

Bank of Greece 10⅞% Ln Stk 2010(Reg) - £98 ¼
European Investment Bank 9% Ln Stk 2001 (Reg) - £100½ ⅞
European Investment Bank 9½% Ln Stk 2009 - £104¾ (6Jy94)
International Bank for Rec & Dev 11.5% Ln Stk 2003 - £114.6 (5Jy94)
Montreal(City of) 3% Perm Deb Stk - £34 (1Jy94)
New Zealand 11¼% Stk 2008(Reg) - £118 (5Jy94)
Petroleos Mexicanos 14½% Ln Stk 2006 - £120 (5Jy94)
Portugal(Rep of) 9% Ln Stk 2016(Reg) - £98$\frac{11}{32}$ (6Jy94)
Sweden(Kingdom of) 9¾% Ln Stk 2014(Reg) - £104$\frac{7}{16}$ (5Jy94)
Sweden(Kingdom of) 13.5% Ln Stk 2010(Reg) - £133⅜ .425 (5Jy94)
Transcanada Pipelines Ld 16½% 1st Mtg Pipe Line *Bds* 2007 - £142 (1Jy94)
United Mexican States 16½% Ln Stk 2008(Br) - £139⅛ (6Jy94)

Listed Companies(excluding Investment Trusts)

APV PLC 5.25% Cum Prf £1 - 70 (6Jy94)
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2005 (Reg Units 100p) - £82 (5Jy94)
Aberdeen Trust PLC Wts to sub for Ord - 52 (1Jy94)
Abtrust Atlas Fund Shs *of NPV(Japan Portfolio)* - 79.6 (4Jy94)
Abtrust Atlas Fund Shs of NPV(Sterling Portfolio) - £1.04 (5Jy94)
Albert Fisher Group PLC ADR (10:1) - $7 .21 (4Jy94)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 49ɸ
Alida Hldgs PLC 9.25% (Net) Cum Red Prf 2008/13 £1 - 109½
Allied London Properties PLC 10¾% 1st Mtg Deb Stk 2025 - £108½
Allied-Lyons PLC ADR (1:1) - $8.7 (6Jy94)
Allied-Lyons PLC 7½% Cum Prf £1 - 78 (6Jy94)
Allied-Lyons PLC 7⅜% Uns Ln Stk 93/98 - £95 ½
Allied-Lyons Financial Services PLC6¾% GtdCnvSubordBds2008 RegMult£1000 - £108¾
Alvis PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 73½ (5Jy94)
Ameritech Corp Shs of Com Stk $1 - $38⅛ (6Jy94)
Andrews Sykes Group PLC Cnv Prf 50p - 60 (5Jy94)
Anglian Water PLC 5⅛% Index-Linked LnStk 2008(5.1024%) - £132½
Anglo-Eastern Plantations PLC 12½% Uns Ln Stk 95/99 - £101¾ (5Jy94)
Asda Property Hldgs PLC 10 5/16% 1st Mtg Deb Stk 2011 - £100¾
Associated British Foods PLC 5½% Uns Ln Stk 87/2002 50p - 37 (6Jy94)
Associated British Foods PLC 7½% Uns Ln Stk 87/2002 50p - 40 (6Jy94)
Attwoods PLC ADR (5:1) - $8¾ɸ .9897ɸ
Attwoods (Finance) NV 8½p Gtd Red Cnv Prf 5p - 93
Automated Security(Hldgs) PLC 5% Cnv Cum Red Prf £1 - 78
Automated Security(Hldgs) PLC 6% Cnv Cum Red Prf £1 - 60
Avdel PLC 10½% Uns Ln Stk 96/98 - £100 (1Jy94)

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the *FT-SE Actuaries Industry Baskets are calculated by The International* Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-SE Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-SE Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

Investment Trusts

Abtrust New Dawn Inv Trust PLC C Shs 50p - 240 (5Jy94)
Alliance Trust PLC 4¼% Prf Stk (Cum) - £48
Alliance Trust PLC 5% Prf Stk - £54
American Trust PLC 3½% (Fmly 5%) Cum Prf Stk - £52¼
Baillie Gifford Japan Trust PLC Wts to Sub Ord Shs - 183
Baillie Gifford Shin Nippon PLC Warrants to sub for Ord - 123

USM Appendix

BLP Group PLC Ord 50p - 142 ½
Midland & Scottish Resources PLC Ord 10p - 3
Total Systems PLC Ord 5p - 22

Rule 535(2)

LONDON STOCK EXCHANGE

MARKET REPORT

Firm gilts encourage recovery in share prices

By Terry Byland,
UK Stock Market Editor

An erratic session saw UK shares stand up well against falls in the US bond market and the dollar following the announcement of the sharp rise in US payroll numbers last month. London securities houses focused on squaring off trading positions while awaiting news from the meeting of G7 countries.

Traders warned, however, that the fall in the dollar increased following comments from President Clinton, and came too only as the London markets were closing for the day. British government bonds closed very firmly, brushing off the weakness in US bonds on the view that the G7 meeting is unlikely to bring dramatic action on the interest rate front. Gains in long-dated gilts ranged to around half a point, with the short dates steady after early falls.

The FT-SE 100 Index ended the day just 2 points off at 2,962.4. After opening firmer, the blue chip sector held until the the US employment news drove the Footsie down by 12 points. The market rallied when Wall Street came in higher, showing a gain of nearly 20 Dow points in UK trading hours. The broader based FT-SE Mid 250 Index ended barely changed, down 0.1 at 3,454.6.

Over the week, the Footsie has gained 26 points in fairly thin turnover as investors have become gradually more confident that the G7 meeting which closes tomorrow, will not bring any aggressive action on global interest rates. Some analysts expressed concern at the late weakness in the US currency, warning that this could threaten markets next week. The FT-SE Mid 250 is 38.8 points higher over the week.

Account Dealing Dates		
*First Dealings:		
Jun 20	Jul 4	Jul 18**
Option Declarations:		
Jun 30	Jul 14	Jul 28
Last Dealings:		
Jul 1	Jul 15	n/a
Account Day:		
Jul 11	Jul 25	n/a

*New time dealings may take place from two days earlier. **Now 10-day settlement system starts

Trading volume increased to 585.7m shares yesterday, from 567.2m on Thursday. Equity trading was swollen by activity in banking stocks as the proceeds of Thursday's large sale of stock in Royal Bank of Scotland found their way across the stock market.

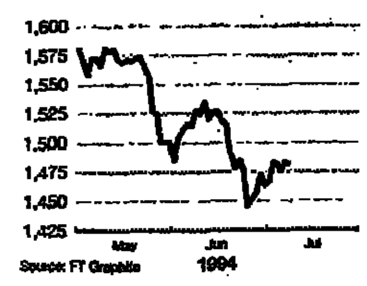
Blue chip dollar stocks were narrowly mixed at the London close, with pharmaceuticals attracting some support but the oil sector looked irregular in spite of this week's firmness in crude oil prices. There was a rally in Enterprise Oil shares which have been depressed since the failure of the group's bid for Lasmo. But the domestic retail stocks made little further response to the more optimistic view on interest rates which has developed.

On Thursday, retail, or customer business recovered sharply after several sessions in the doldrums; the retail total of £1.3bn, compared with under £1bn daily earlier in the week, reflected both a return to more profitable business levels for London brokerage houses and also an indication that investors have recovered from their concerns that the G7 meeting might set the stage for a hike in US interest rates.

Stock market strategists have drawn confidence from the Footsie's successful bounce from the 2,930 area and the chart specialists now believe that the Index could test its next confidence level at around 2,990, and then, if successful, at 3,017. Most UK securities firms are still predicting a renewed advance by equities before the end of the year.

In its technical review of the market, Derivatives Securities suggests that we may be able to say, in retrospect, that: "It started in Naples," the venue for the G7 meeting, where the major countries are expected to discuss interest rate policies. If they elect to leave rates alone, comments the firm, then the dollar could be in for renewed volatility.

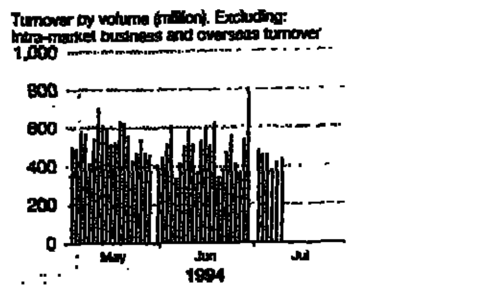
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Key Indicators

Indices and ratios		
FT-SE Mid 250	3454.6	-0.1
FT-SE-A 350	1492.6	-0.8
FT-SE-A All-Share	1482.25	-0.80
FT-SE-A All-Share yield	3.97	(3.97)
FT Ordinary index	2331.4	+4.0
FT-SE-A Non Fins p/e	18.79	(18.78)
FT-SE 100 Fut Sep	2954.0	-16.0
10 yr Gilt yield	8.62	(8.69)
Long gilt/equity yld ratio:	2.19	(2.19)

FT-SE 100 Index	
Closing index for July 8	2962.4
Change over week	+26.0
July 7	2964.4
July 6	2946.7
July 5	2965.0
July 4	2970.4
High*	2978.2
Low*	2938.4

*Intra-day high and low for week

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
ASDA Group†	6,400	56¾	+1	Lonrho	1,800	130	
Abbey National†	4,200	395	+2	Lucas	3,600	185	+3
Albert Fisher	1,500	48	-1	MEPC†	335	448	-2
Allied-Lyons†	1,000	549	-1	MFI	2,200	153	-1
Anglian Water	424	490	-1	Manweb	59	664	-6
Argos	689	346	-½	Marks & Spencer†	1,800	401½	-2½
Argyll Group†	4,400	284	-1	Midlands Elect.	352	594	-3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EQUITY FUTURES AND OPTIONS TRADING

Increased fears on interest rates following the release of US employment data brought a retreat to Footsie futures, though the contract closed off the day's lows,

Trading in a 40 point range, the September contract on the FT-SE 100 hit a high of 2,976 and a low of 2,937, before recovering to close at 2,959. Volume at 12,511 showed a slight increase.

There was also an improvement in turnover in the traded options where the closing total was 33,376 contracts. Tomkins, with 1,028 lots dealt, was the busiest stock option.

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	2961.0	2959.0	-11.0	2976.0	2937.0	12511	49894
Dec	2979.0	2967.5	-11.0	2980.0	2979.0	209	952

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3465.0	3455.0	-	3465.0	3465.0	11	4373
Dec			-			0	0

FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep		3,460.0					636

All open interest figures are for previous day. † Exact volume shown.

FT-SE 100 INDEX OPTION (LIFFE) (*2962) £10 per full index point

[illegible]

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

[illegible]

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday July 8 1994

[illegible]

FT - SE Actuaries Share Indices — The UK Series

[illegible]

FT-SE Actuaries All-Share

[illegible]

Hourly movements

[illegible]

FT-SE Actuaries 350 Industry baskets

[illegible]

Switching in banks continues

Royal Bank of Scotland and NatWest Bank captured the top two places in the London market's list of active stocks with some dealers taking the view that the big seller of RBOS stock on Thursday had quickly pumped some of the money back into the market through NatWest purchases.

The residue of the RBOS stock acquired by Smith New Court in a bought deal on Thursday was said to have been placed fairly quickly yesterday morning, with turnover of 26m in RBOS confirming the deal was completed. Smith was thought to have paid 408p for the stock.

RBOS shares languished around the 409p mark for much of the morning before rallying to 414p and eventually settling a net 8 off at 410p. Rumours circulating yesterday suggested that Morgan Grenfell was the seller of the RBOS stock.

One buyer then moved in to pick up 5m NatWest at 434p. At the close NatWest were unchanged at 435p. Turnover in the stock reached a hefty 16m shares, the heaviest single-day's business since February 23.

Bargain-hunting for hotels group Forte saw the shares recover some ground from an early retreat, after NatWest Securities placed the stock on the sell list from its previous hold recommendation. This follows similar advice to investors from BZW earlier this week.

Having fallen to 217p, cheap buyers helped the shares claw back some of the earlier losses to finish 2½ down at 221½p. Turnover was an above-average 4.4m.

NatWest said: "The return on capital and prospects for asset price inflation point to an overvalued property base. Depreciation of a large portion of the assets must now be on the agenda with ominous implications for the earnings profile."

Giving an example, the securities house said: "An annual two per cent straight line write-off would mean that 1995's forecast profits become £76m rather than the current £125m."

However, Forte did the rounds in the city yesterday afternoon saying it had no plans to alter its depreciation policy. The company also questioned the figures arrived at in the note.

Kingfisher busy

Stores group Kingfisher jumped 12 to 528p as the company's joint broker, the notoriously secretive Cazenove, turned more positive on the stock.

Cazenove never comments on its moves but sources close to Kingfisher said the brokerage house had taken the view that the derating of the company by the City had been overdone. Cazenove is thought to have reasoned that the owner of chains Woolworths, B&Q, Comet and Superdrug was taking a more pragmatic attitude to pricing. The move follows a more positive view taken by BZW last week.

Body Shop fell 2½ to 243p after announcing that Mrs Anita Roddick and Mr Gordon Roddick had sold 3.5m shares at 240p each reducing their stake to 25.4 per cent. The sale raised £8.4m which is targeted at charity and company projects.

Leading pharmaceuticals stocks were supported by some institutional buying but are likely to open weaker on Monday as a result of the late plunge in the dollar. Glaxo ended 10 better at 571p, Wellcome, which filed for approval of a new anti-herpes treatment, added 5 at 606p and Zeneca gained 2 to 737p.

International news and electronic information group Reuters Holdings is also likely to suffer but its shares received a boost from a Kleinwort Benson buy recommendation ahead of interim figures at the end of the month. Reuters gained 3 to 464p

Printing and packing group Bowater slumped 13 to 430 after the group announced that it had lost its executive director, Mr Stuart Wallis to Fisons, which gained 2 on the news but closed unchanged at 138.

British Gas attracted keen interest with the shares moving up to 277p before slipping back late in the session and closing a penny off at 271p after heavy turnover of 8.1m. Dealers said the initial strength followed reports that the government had decided to drop legislation from the Queen's speech planned for the autumn, which would introduce competition in the domestic gas market in the UK.

Nomura was one broking house seeing the reports as possible good news for British Gas. "At a minimum it gives Gas's management more time to prepare for a competitive market and with a general election looming in 1996-7 it may be that competition will be postponed until the next century," said Mr Steve Turner of Nomura.

Television and leisure company Granada Group added 5 to 507p, after a modest profits upgrade from Hoare Govett, its broker which is believed to have increased its current year profits forecast by £6m to £250m.

The prospect of Thorn EMI demerging several of its businesses, together with the hopes of a bullish trading statement at the group's annual meeting next week, boosted the shares another 13 to 1039p.

Switching in the banks sector was not confined to RBOS and NatWest. There was heavy trading in TSB where a block of 3m shares was sold into the market at 195p.

The stock overhang in General Accident, which depressed it from mid-week onwards, was said to have been partly cleared yesterday with the remainder expected to be disposed of early on Monday. It closed 8 lower at 558p.

Turnover in Berkeley Group, the housebuilder hit 5.1m shares, with a block of 2.4m traded at 390p and another of 2.2m at 393p.

Cable & Wireless jumped 6 to 405p on good turnover of 4.6m, helped by buy recommendations from Kleinwort Benson and NatWest Securities.

Engineering company TI Group hardened 4 to 358p, after James Capel reiterated its buy recommendation. It drew attention to the impressive underlying growth at the company. Reports that Smiths Industries had lost a lucrative contract with Boeing left the shares trailing 6 to 435p.

Eurodollar, a vehicle distribution company issued at 220p, ended its first day of trading at a 2p premium at 222p.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (16).
CHEMICALS (1) European Colour, DISTRIBUTORS (4) Cook (DC), Northamber, Polar, Wilshaw, ELECTRNC & ELECT EQUP (1) Nokia Prf., ENG, VEHICLES (1) UPF, EXTRACTIVE INDS (1) Impala Platinum, HOUSEHOLD GOODS (1) Osborne & Little, INVESTMENT TRUSTS (2) MEDIA (1) Avesco, PROPERTY (1) Embassy, RETAILERS, GENERAL (1) Blacks Leisure, TEXTILES & APPAREL (1) Toray.
NEW LOWS (86).
GILTS (7) BANKS (2) HSBC HKS, HSBC 75p, BREWERIES (1) Greenalls, BUILDING & CNSTRN (3) Jarvis, Raine, Tay Homes, DISTRIBUTORS (4) Caskot, Enterprise Comp., Gardner, Inchcape, ELECTRICITY (1) China Light, ELECTRNC & ELECT EQUP (2) Scantronic, Tunstall, ENGINEERING (3) APV, Hunting 8¾pc Prf., Morgan Crucible 7½pc Prf., ENG, VEHICLES (2) Ingham, Mid-States, EXTRACTIVE INDS (2) Northam Platinum, World Fluids, FOOD MANUF (3) Golden Vale, Grand Central, United Biscuits, HEALTH CARE (3) Bespak, Haemocell, Intercare, INSURANCE (3) Angerstein, Heath (CE), Hibernian, INVESTMENT TRUSTS (11) INVESTMENT COMPANIES (4) JF Philippine, Jakarta, Latin American Extra Yield, Malacca Fund Ptg., LEISURE & HOTELS (1) Forte, MEDIA (1) Phonelink, OIL EXPLORATION & PROD (1) Oceanics, OTHER FINANCIAL (2) London Forfaiting, Tyndall Australia, PHARMACEUTICALS (2) Proteus Intl., Schering, PRTNG, PAPER & PACKG (3) Clondalkin, Field, Sidlaw, PROPERTY (4) Bredero, HK Land, Peel, Prior, RETAILERS, FOOD (2) Fyffes, Kwik Save, RETAILERS, GENERAL (5) Ashley (L), Colorvision, Great Universal, Sears, Smith (WH) B, SPIRITS, WINES & CIDERS (1) Guinness, SUPPORT SERVS (4) Letsmonth & Burchett, MR Data Mngmnt., Oxford Molecular, TEXTILES & APPAREL (6) Claremont Garments, Coats Viyella, Readicut, Richards, Strong & Fisher, TRANSPORT (1) London & O'seas Freighters, WATER (1) Welsh, AMERICANS (1) Bankers NY, CANADIANS (2) Echo Bay Mines, Trans Can Pipe.

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Assoc Brit Ports	269	+	7
Banner Homes	129	+	9
Booth Inds	55	+	3
Business Post	108	+	6
Carlton Comm	844	+	15
Harris (Philip)	148	+	11
Kingfisher	528	+	12
Lloyds Chem	296	+	12
Monarch Res	216	+	11
Oceana Cons	156	+	6
Redrow	121	+	8
Reliance Security	126	+	5
Falls			
Bowater	430	-	13
Coda	126	-	13
Intercare	58	-	3
Peel Hldgs	312	-	31
Phonelink	293	-	15
Regent Corp	29	-	5
Royal Ins	239	-	7
Scantronic	50	-	7
Wood (John D)	85	-	3

FT - SE Actuaries Share Indices - Quarterly Valuation

	Market cap. as at 30/6/94 (£m)	% of All-Share Index	Market cap. as at 31/3/94 (£m)	% of All-Share Index	Market cap. as at 31/12/93 (£m)	% of All-Share Index
FT-SE 100 †	478,200.00	71.20	502,700.00	70.87	553,284.99	73.08
FT-SE Mid 250 †	144,300.00	21.47	155,900.00	21.98	157,510.88	20.81
FT-SE Mid 250 ex. Inv. Trusts †	128,500.00	19.13	139,900.00	19.74	141,007.03	18.63
FT-SE A 350 †	622,500.00	92.67	658,600.00	92.86	710,795.87	93.89
FT-SE SmallCap †	49,200.00	7.33	50,600.00	7.14	46,244.70	6.11
FT-SE SmallCap ex Inv. Trusts †	41,600.00	6.19	42,500.00	5.99	38,091.74	5.03
FT-SE-A ALL-SHARE	671,697.40	100.00	709,238.30	100.00	757,040.57	100.00
10 MINERAL EXTRACTION (18)	60,098.15	8.95	57,100.83	8.05	59,939.30	7.92
12 Extractive Industries (4)	10,065.60	1.50	10,493.47	1.48	10,268.19	1.36
15 Oil, Integrated (3)	45,530.05	6.78	42,481.42	5.99	45,379.15	5.99
16 Oil Exploration & Prod (11)	4,502.50	0.67	4,125.94	0.58	4,291.96	0.57
20 GEN MANUFACTURERS (263)	140,705.31	20.95	149,491.47	21.08	148,206.27	19.31
21 Building & Construction (32)	6,400.80	0.95	6,732.01	0.95	6,582.48	0.87
22 Building Matls & Merchs (31)	20,276.83	3.02	22,815.58	3.22	23,189.21	3.06
23 Chemicals (21)	16,381.64	2.44	16,580.04	2.34	15,921.21	2.10
24 Diversified Industrials (18)	36,056.37	5.37	38,201.03	5.38	37,842.39	5.00
25 Electronic & Elect Equip (34)	15,121.78	2.25	15,981.10	2.25	16,800.06	2.22
26 Engineering (71)	25,058.52	3.73	27,235.13	3.84	25,359.15	3.35
27 Engineering, Vehicles (12)	6,270.48	0.93	5,936.82	0.84	5,833.08	0.74
28 Printing, Paper & Pckg (26)	10,912.63	1.63	11,434.01	1.61	10,198.33	1.35
29 Textiles & Apparel (20)	4,226.46	0.63	4,575.75	0.65	4,690.36	0.62
30 CONSUMER GOODS (96)	121,006.75	18.01	126,604.12	17.85	140,676.26	18.58
31 Breweries (17)	12,644.50	1.88	13,169.50	1.86	13,727.31	1.81
32 Spirits, Wines & Ciders (10)	24,202.76	3.60	24,908.17	3.51	26,737.08	3.53
33 Food Manufacturers (23)	23,266.98	3.46	24,836.56	3.50	27,007.06	3.57
34 Household Goods (13)	3,194.68	0.48	3,294.96	0.46	3,599.94	0.48
36 Health Care (20)	4,459.43	0.66	4,819.29	0.68	4,769.93	0.63
37 Pharmaceuticals (12)	40,914.42	6.09	41,473.82	5.85	47,798.19	6.31
38 Tobacco (1)	12,324.00	1.84	14,101.82	1.99	17,036.73	2.25
40 SERVICES (222)	135,219.92	20.13	145,186.85	20.47	148,426.99	19.61
41 Distributors (31)	7,285.11	1.09	8,018.04	1.13	7,663.22	1.01
42 Leisure & Hotels (24)	17,685.52	2.63	18,864.76	2.66	16,972.18	2.24
43 Media (39)	24,571.83	3.66	27,907.07	3.93	26,692.79	3.53
44 Retailers, Food (17)	18,155.06	2.85	19,094.87	2.69	20,339.96	2.69
45 Retailers, General (45)	38,750.38	5.77	40,204.74	5.67	44,768.57	5.91
48 Support Services (40)	9,140.12	1.36	9,883.13	1.39	10,046.12	1.33
49 Transport (16)	17,526.19	2.61	19,483.94	2.75	20,211.21	2.67
51 Other Services & Business (10)	1,105.69	0.16	1,730.30	0.25	1,715.94	0.23
60 UTILITIES (36)	87,972.28	13.10	96,584.78	13.62	108,572.24	14.34
62 Electricity (17)	27,552.08	4.10	29,950.12	4.22	31,660.04	4.19
64 Gas Distribution (2)	12,090.95	1.80	13,605.54	1.92	15,311.37	2.02
66 Telecommunications (4)	37,300.34	5.56	40,231.77	5.67	47,394.35	6.26
68 Water (13)	11,028.91	1.64	12,777.35	1.81	14,176.48	1.87
69 NON-FINANCIALS (635)	545,002.41	81.14	574,948.05	81.07	603,821.06	79.76
70 FINANCIALS (104)	103,491.93	15.41	110,462.43	15.57	128,834.41	17.02
71 Banks (10)	56,841.91	8.46	60,308.79	8.50	73,656.04	9.73
73 Insurance (17)	13,450.46	2.00	15,596.88	2.20	17,687.01	2.34
74 Life Assurance (6)	9,385.17	1.40	10,389.16	1.46	11,549.36	1.53
75 Merchant Banks (6)	4,350.25	0.65	4,898.84	0.69	5,600.90	0.74
77 Other Financial (24)	5,424.27	0.81	5,870.96	0.83	5,761.48	0.76
79 Property (41)	14,049.87	2.09	13,409.80	1.89	14,579.64	1.92
80 INVESTMENT TRUSTS (123)	23,203.06	3.45	23,827.82	3.36	24,385.10	3.22
89 FT-SE-A ALL-SHARE (862)	671,697.40	100.00	709,238.30	100.00	757,040.57	100.00

† Figures rounded due to slight pricing inconsistencies.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

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§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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Scottish Life Investments

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Scottish Mutual Assurance plc

109 St Vincent St, Glasgow 041-248 6321

Scottish Provident Group

Sun Alliance Group - Contd.

Swiss Life (UK) PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

Windsor Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Allied Dunbar International Assce Ltd

CU Insurance Co Ltd

Equitable Life (International)

Friends Provident International

Isle of Man Assurance Ltd

Scottish Provident Intl Life Assn Ltd

Sun Alliance International Life

MANAGEMENT SERVICES

Capital Trust Financial Management

Fairmount Financial Services Ltd

Knight Williams & Company Ltd

Marsh Financial Management PLC

Charles Stanley & Co Ltd

OFFSHORE AND OVERSEAS

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Fidelity Money Funds

Jupiter Tyndall (Bermuda) Ltd

Octet Fund Limited

GUERNSEY (SIB RECOGNISED)

Guinness Flight Fd Mngrs - Contd.

Rothschild Asset Mngmt (CI) Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

GUERNSEY (REGULATED)(**)

Rothschild Asset Mngmt (CI) Ltd

Lazard Fund Managers (CI) Ltd

Saudi International (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

Baring Mutual Fund Mngmt (Ireland) Ltd

Gartmore Irish Fund Managers Ltd

IRELAND (REGULATED)(**)

Baring International Fd Mngrs (Ireland) Ltd

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs

ISLE OF MAN (REGULATED)(**)

ATC Fund Management Ltd

JERSEY (SIB RECOGNISED)

Barclays International Funds - Contd.

JERSEY (REGULATED)(**)

Barclays Intl Funds

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Schroder Mngt Services (Jersey) Ltd

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LUXEMBOURG (SIB RECOGNISED)

Fleming Group - Contd.

Foreign & Colonial Emerging Markets Ltd (u)

Frontrunner I (u)

Gartmore Luxembourg SA (u)

HSBC Investment Funds Luxembourg SA (u)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jul 8 / US$)

EUROPE

AUSTRIA (Jul 8 / Sch)

BELGIUM/LUXEMBOURG (Jul 8 / Frs.)

DENMARK (Jul 8 / Kr)

FINLAND (Jul 8 / Mkn)

FRANCE (Jul 8 / Frs.)

GERMANY (Jul 8 / Dm.)

ITALY (Jul 8 / Lire)

NETHERLANDS (Jul 8 / Fls.)

NORWAY (Jul 8 / Kroner)

SPAIN (Jul 8 / Pts.)

SWEDEN (Jul 8 / Kronor)

SWITZERLAND (Jul 8 / Frs.)

CANADA (Jul 8 / Can. $)

AFRICA

SOUTH AFRICA (Jul 8 / Rand)

PACIFIC

JAPAN (Jul 8 / Yen)

AUSTRALIA (Jul 8 / Aust$)

HONG KONG (Jul 8 / H.K.$)

MALAYSIA (Jul 8 / MYR)

SINGAPORE (Jul 8 / S$)

INDICES

	Jul 8	Jul 7	Jul 6	1994 High		1994 Low	
Argentina							
General (29/12/77)	(c)	18721.77	18252.40	25478.40	16/2	17758.80	20/4
Australia							
All Ordinaries(1/1/80)	1984.9	1982.2	1981.2	2340.60	3/2	1957.40	27/6
All Mining(1/1/80)	988.3	983.6	983.4	1136.10	3/2	984.80	5/5
Austria							
Credit Aktien(30/12/84)	409.87	408.00	408.09	469.88	3/2	398.87	22/6
Traded Index(2/1/91)	1054.95	1050.22	1048.24	1222.25	1/2	1011.38	6/6
Belgium							
BEL20 (1/1/91)	1408.48	1412.38	1406.23	1542.65	9/2	1398.24	27/6
Brazil							
Bovespa (29/12/83)	(u)	39050.0	37535.0	39659.09	7/7	3869.90	3/1
Canada							
Metals Minls♦(1975)	(c)	3653.37	3648.77	3679.59	18/3	3290.86	20/4
Composite♦ (1975)	(c)	4079.90	4043.40	4600.90	23/3	3989.89	24/6
Portfolio§§ (4/1/83)	(c)	1921.02	1896.47	2182.89	1/2	1886.48	28/6
Chile							
IPSA Gen (31/12/80)	(c)	4347.0	4328.1	4987.80	4/2	3801.20	4/4
Denmark							
CopenhagenSE(3/1/83)	362.09	361.20	362.18	418.79	2/2	386.68	22/6
Finland							
HEX General(28/12/90)	1741.4	1743.3	1705.5	1972.80	4/2	1691.10	3/1
France							
SBF 250 (31/12/90)	1289.97	1288.86	1274.53	1505.29	2/2	1265.38	4/7
CAC 40(31/12/87)	1920.78	1920.76	1888.99	2355.93	2/2	1888.18	4/7
Germany							
FAZ Aktien(31/12/58)	779.70	781.15	779.79	869.27	18/5	757.51	27/6
Commerzbank(1/12/53)	2217.2	2220.4	2215.7	2465.50	2/5	2140.30	27/6
DAX (30/12/87)‡	2050.65	2043.85	2035.76	2271.11	16/5	1988.82	20/6
Greece							
Athens SE(31/12/80)	844.84	844.82	850.72	1194.86	18/1	808.67	25/5
Hong Kong							
Hang Seng(31/7/64)	8432.96	8490.86	8464.92	12201.09	4/1	8300.44	4/5
India							
BSE Sens.(1979)	4076.6	4048.5	4098.3	4332.90	20/6	3454.90	5/1
Indonesia							
Jakarta Comp.(10/8/82)	452.20	454.10	453.69	612.89	5/1	452.20	8/7
Ireland							
ISEQ Overall(4/1/88)	1739.95	1734.99	1711.94	2082.19	20/1	1694.14	1/7
Italy							
Banca Comm Ital (1972)	686.92	691.32	695.59	817.17	10/5	596.85	10/1
MIB General (4/1/94)	1109.0	1116.0	1123.0	1318.00	10/5	944.00	10/1
Japan							
Nikkei 225 (16/5/49)	20526.51	20620.02	20629.03	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	301.46	302.86	303.43	311.71	13/6	268.22	4/1
Topix (4/1/68)	1660.85	1668.43	1670.66	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2527.32	2538.63	2542.65	2542.65	6/7	1873.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	987.78	981.37	995.36	1314.46	5/1	928.33	4/4
Mexico							
IPC (Nov 1978)	(c)	2334.00	2309.99	2881.17	8/2	1967.33	20/4
Netherlands							
CBS TtlRtnGen(End 83)	413.1	413.8	412.5	464.90	31/1	408.30	21/6
CBS All Shr (End 83)	262.2	262.6	261.8	294.80	31/1	257.90	21/6
New Zealand							
Cap. 40 (1/7/86)	1955.93	1966.25	1984.14	2439.84	3/2	1955.93	8/7
Norway							
Oslo SE(Ind)(2/1/83)	1038.61	1046.78	1048.86	1211.18	28/2	980.91	21/6
Philippines							
Manila Comp (2/1/85)	2583.85	2629.23	2627.80	3098.37	4/1	2507.33	9/3
Portugal							
BTA (1977)	2891.3	2883.5	2880.7	3228.80	18/2	2812.89	20/6
Singapore							
SES All-S'pore(2/4/75)	536.38	533.82	538.18	645.61	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	2059.0♥	2086.0	2121.0	2331.00	4/1	1749.08	14/2
JSE Indl. (28/9/78)	6240.0♥	6241.0	6221.0	6757.00	15/6	5448.60	19/1
South Korea							
KoreaCmpEx(4/1/80)**	948.98	945.71	953.48	974.26	2/2	855.37	2/4
Spain							
Madrid SE (30/12/85)	293.56	291.65	291.43	358.31	31/1	291.43	8/7
Sweden							
AffarsvardsGen (1/2/37)	1358.0	1348.7	1334.7	1683.99	31/1	1334.79	8/7
Switzerland							
Swiss Bk Ind (31/12/58)	1210.94	1224.20	1233.16	1423.94	31/1	1210.94	8/7
SBC General (1/4/87)	914.91	923.49	926.13	1083.29	31/1	908.62	21/6
Taiwan							
WeightedPr.(30/6/66)**	6191.71	6095.34	6115.18	6484.52	8/1	5184.63	18/3
Thailand							
Bangkok SET (30/4/75)	1287.34	1302.86	1297.45	1768.73	4/1	1168.58	4/4
Turkey							
Istanbul Cmp.(Jan 1986)	20423.5	21409.6	20509.2	26883.86	13/1	12868.70	24/3
WORLD							
MS Capital Int (1/1/70)§	616.8*	616.6	617.7	645.00	1/2	591.80	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1318.00	1320.32	1312.04	1500.19	31/1	1309.48	21/6
Euro Top-100 (26/6/90)	1153.72	1154.10	1149.08	1311.81	2/2	1143.08	21/6
JCapelDrgns (31/12/88)	(c)	293.80	293.93	365.39	5/1	280.28	21/3
Barings Emerg.(7/1/92)	155.05	154.40	152.83	182.72	14/2	141.65	21/4

** Sat July 2 : Taiwan Weighted Price 6005.84; Korea Comp Ex 938.30. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Jul 8 - 2047.88 –1.27

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jul	1922.0	1922.0	-6.0	1935.0	1910.0	21,346	35,752
Aug	1927.5	1932.0	-5.5	1927.5	1920.0	-	266
Sep	1935.0	1935.0	-5.0	1949.5	1927.5	3,192	25,585

Open interest figures for previous day.

US INDICES

Dow Jones	Jul 7	Jul 6	Jul 5	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3688.42	3674.08	3682.45	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.32	96.92	97.04	105.91 (21/1)	96.43 (13/5)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1587.45	1585.82	1604.73	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	180.86	179.06	178.99	227.86 (3/1)	176.71 (24/6)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3714.32 (3698.13) Low 3656.04 (3631.11) (Theoretical♦) Day's high 3694.25 (3682.91) Low 3668.99 (3643.09) (Actual♦)

Standard and Poors	Jul 7	Jul 6	Jul 5	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	448.38	446.13	446.37	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	521.56	518.51	519.00	559.59 (2/2)	510.05 (21/4)	559.52 (2/2/94)	3.62 (21/6/32)
Financial	44.72	44.65	44.60	48.94 (14/6)	41.39 (4/4)	48.40 (28/8/93)	8.64 (1/10/74)
NYSE Comp.	247.57	246.54	246.51	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	424.65	423.55	423.70	487.89 (2/2)	422.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	705.53	701.01	703.59	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Jul 1	Jun 24	Jun 17	Year ago
Dow Jones Ind. Div. Yield	2.79	2.75	2.85	2.98
	Jul 6	Jun 29	Jun 22	Year ago
S & P Ind. Div. yield	2.49	2.49	2.46	2.56
S & P Ind. P/E ratio	22.72	23.10	23.18	24.89

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	449.40	448.45	-0.95	449.80	446.75	50,973	197,425
Dec	449.25	451.00	-0.90	451.00	449.25	147	11,311
Mar	452.00	454.20	-	454.20	451.90	13	2,008

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Best Buy	3,702,400	25½	-3¼
Ford Motor	3,637,300	29⅜	+1
TJX	2,738,200	19⅝	-2⅝
JC Penney	2,688,500	48⅝	-2⅝
Phillips Pet	2,625,600	31⅞	-1⅛
Pepsico	2,614,800	30⅝	+⅛
Gen Motors	2,611,200	51⅝	+2
Compaq	2,600,500	34⅝	+1⅝
Airborne	2,411,600	29¼	-2½
Wal-Mart	2,206,600	24⅞	+⅛

■ TRADING ACTIVITY

● Volume (million)

	Jul 7	Jul 6	Jul 5
New York SE	258.485	233.582	192.996
Amex	15.816	13.041	11.119
NASDAQ	244.637	241.211	180.857
NYSE			
Issues Traded	2,823	2,811	2,800
Rises	1,250	1,012	1,076
Falls	835	1,079	1,019
Unchanged	738	720	705
New Highs	37	26	20
New Lows	60	73	58

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

Investors confused after jobs report

Wall Street

A seemingly-strong June employment report left stock market investors confused yesterday, with share prices first rallying impressively from early declines before dropping back later in the day to opening levels, *writes Patrick Harverson in New York.*

By 1 pm, the Dow Jones Industrial Average was down 0.01 at 3,688.41, well below its high for the morning session. The more broadly based Standard & Poor's 500 was also virtually flat at the halfway mark, down 0.39 at 447.99, while the American Stock Exchange composite was 0.04 lower at 424.61 and the Nasdaq composite up 0.92 at 707.45. Trading volume on the NYSE was 149m shares by 1 pm.

The eagerly-awaited June employment report caught the market by surprise. The Labor department announced that non-farm payrolls rose by 379,000 last month, and that the national unemployment rate held steady at 6 per cent. Analysts had forecast a rise in payrolls of only 280,000, and an increase in the unemployment rate to 6.2 per cent.

The immediate reaction from the stock market was to sell shares, primarily because bonds had dropped sharply on the jobs data, pushing the yield on the benchmark 30-year government bond up to 7.691 per cent, its highest level this year. Bonds fell because the Treasury market feared that the strong jobs figures would persuade the Federal Reserve to raise interest rates to slow economic growth.

Share prices, however, quickly recovered from their early lows, with investors encouraged by a comment from a Bureau of Labor Statistics official that the bigger-than-expected increase in payrolls was partly due to the fact that the reporting period in June lasted for five weeks, instead of the usual four weeks. With demand for cyclicals again strong, and optimism about quarterly earnings growing, the Dow rose 20 points.

The market, however, could not hold on to its gains, and under pressure from still depressed bond prices and a weaker dollar, shares steadily retraced their steps, and by early afternoon were virtually unchanged on the day.

Among individual stocks, selected cyclicals were firmer, including Alcoa, up $⅛ at $75⅝, Caterpillar, up $1 at $105⅝ and Ford, up $⅛ at $30⅝.

Nike jumped $2⅛ to $62⅛ after the shoe-maker reported fiscal fourth quarter earnings that were below last year's level but still well above analysts' forecasts. Investors were also cheered by the company's statement that it should be able to maintain the level of its gross margins from this year through to the end of 1995.

CBS fell another $7½ to $301 as speculation continued that Disney would conclude some sort of business agreement with the broadcaster and its new merger partner, QVC. Investors had hoped that Disney, or other big entertainment groups, might make a rival bid for CBS.

Diagnostek plunged $4 to $18 after Wertheim Schroder cut its rating on the stock to "hold" from "buy" following a warning from the company about its 1995 annual profits.

Canada

Toronto was flat in sluggish midday trading as the weak Canadian currency and bond markets, under pressure from the strong US employment data, dampened enthusiasm for equities.

The TSE 300 composite index edged 0.04 higher to 4,079.83 at noon in light turnover of 24.8m shares.

Brazil

Brazilian share prices were down slightly at mid-morning amid mild profit-taking, but volume was good and the market recovered by early afternoon.

By 1300 local time, the Bovespa index was 1.7 per cent higher in local currency terms, up 663 at 39,712.

Door is ajar but floor space is a predicament

Laura Tyson on Taiwan's investment liberalisation

When Taiwan announced earlier this year that foreign securities houses could apply to open a full-service branch or a wholly-owned subsidiary for the first time in many years, foreign brokers were elated – until they they discovered that there was a catch.

"They're giving us national treatment, which is great," says the head of one foreign brokerage's Taipei office. "But according to the letter of the law, it's nearly impossible to find an office space that is both suitable and which meets government criteria."

In recent interviews, officials have outlined plans to open up the local securities industry gradually to foreigners as part of the country's bid to join the future World Trade Organisation, and to become a regional financial centre. But the office-space predicament illustrates how liberalisation measures can hit snags at the level of implementation.

The Taipei municipal government decreed in December 1993 that, for safety reasons, financial companies must be located in ground-floor or basement space unless they are in commercially-zoned areas. Quality Taipei office space is mostly zoned as mixed-residential, and rents for street-level space in prime business districts are prohibitive. The measure is intended for local companies with retail operations, but the business of foreign securities houses is wholesale.

Mr Kuei Hsien-nung, a section chief at Taiwan's Securities and Exchange Commission, dismisses foreign brokers' concerns. "They don't need to worry. It's just a regulation; it can be changed very fast." A flurry of consultations among goverment departments are under way, and the matter will be resolved shortly, he says.

While timetables remain elusive and snags are sure to crop up the government, nonetheless, is committed to a long-term, step-by-step liberalisation programme.

In 1983, the authorities gave the green light to overseas-listed funds, marking the opening of indirect foreign investment in Taiwan shares. In 1990, approved foreign institutions were permitted to invest directly in local stocks, subject to certain limits.

The next phase, says the vice-minister of finance, Mr Chang Chan-pang, will be to open the market to foreign individual investors. "We are now considering this," he says. "But we have to choose the right time: we have never set a timetable."

Regulations are steadily being loosened, investment ceilings raised and restrictions on capital flows and repatriation of profits eased. "Some

The central bank recently raised the overall ceiling on direct foreign investment in the local bourse to $7.5bn from $5.0bn and set a limit of $2.5bn on indirect foreign investment. But these ceilings will be raised if necessary

people may ask, why don't we get rid of all restrictions immediately? Of course, we welcome foreign investment, but we must watch the stability of our domestic financial markets," Mr Chang says.

By the end of June, 67 foreign institutional investors had been approved to invest US$5.6bn in local securities and $4.7bn had been placed. Of that, 75 per cent, or $3.5bn was invested in stocks with the remainder in bonds or time deposits. Total market capitalisation as of June 30 was $199bn.

The Central Bank of China recently raised the overall ceiling on direct foreign investment in the local bourse to $7.5bn from $5.0bn, and set a limit of $2.5bn on indirect foreign investment. Late last year, a cap of $3bn was set on the amount of funds that can be raised through overseas issues such as convertible bonds and global depository receipts. Officials say that these ceilings will be raised if needed.

There is a cap of 10 per cent on aggregate foreign holdings in any individual stock and a 5 per cent limit for a single foreign shareholder. Mr Chang predicts that these ownership limits could be lifted to between 15 and 25 per cent, and 10 per cent respectively, in a few months.

However Mr Day Linin, chairman of the SEC, believes that the 5 and 10 per cent foreign ownership ceilings could be eliminated entirely by the end of this year, except in strategic industries. Mr Day says that the plan is to make regulatory treatment of foreign portfolio investment the same as for equity investment. "Unlike some countries, our portfolio investment regulations are stricter than those for equity investment," he says. Changes have been agreed but await approval.

The SEC chief concedes that permission for individual foreigners to invest directly remains a way off. He points out that individual foreigners have already become sizeable investors in listed companies by having bought equity in firms before they went public.

There is currently a debate within the government over whether holders of convertible bonds issued overseas should be permitted to convert them into listed shares. Mr Day predicts that regulations will be revised to allow conversion by the end of this year at the latest. Unapproved foreign investors in such instruments would be allowed to hold the shares after conversion, but once sold could not buy back into the market.

Mr Day's short-term goal is to raise the ceiling on foreign investment in local shares to 10 per cent of total market capitalisation, rising later to 25 per cent and eventually eliminating restrictions altogether. The central bank has agreed in principle, he said, but no timetable has been set. Foreign investment, including indirect holdings, is about three per cent of the market.

EUROPE

Afternoon weakness, but bourses recover

Bourses had a nervous afternoon after a surprisingly strong report on employment toppled Treasuries in the US, but bonds stabilised in Europe later in the day, and equities seemed to follow suit, *writes Our Markets Staff.*

FT-SE Actuaries Share Indices

Jul 8							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1319.07	1318.80	1318.97	1319.73	1320.20	1318.30	1315.50	1316.00
FT-SE Eurotrack 200	1357.28	1357.11	1357.74	1358.08	1357.86	1353.99	1353.04	1354.04
	Jul 7	Jul 6	Jul 5	Jul 4	Jul 1			
FT-SE Eurotrack 100	1320.32	1312.04	1318.56	1326.87	1314.32			
FT-SE Eurotrack 200	1358.40	1349.66	1354.71	1365.52	1351.97			

Base 1000 (26/10/90); High/day: 100 - 1320.78; 200 - 1359.04 Low/day: 100 - 1314.70 200 - 1351.17

PARIS recovered from an 18-point drop on the US data to close with the CAC-40 index up 0.03 at 1,920.78, up 2.6 per cent on the week, although turnover stayed light at an estimated FFr1.7bn.

The financial sector did well again with Cie. Bancaire, the top performer among CAC 40 constituents, rising FFr15 or 3.3 per cent to FFr495 and the municipal lender, Credit Local, extending Thursday's gains on accelerated lending growth with a further advance of FFr10.50, or 2.7 per cent to FFr397.50.

Eurotunnel eased 40 centimes to FFr22.55. The company said yesterday that it had been been granted a judicial review of its case challenging the legality of duty-free trade offered by cross-Channel ferries, its main competitor.

The packaging group, Pechiney International, slipped again with a fall of FFr2.90 to FFr146 after indications this week of flat first half profits.

MADRID ended about a percentage point above its worst, the market's swing from an oversold position leaving the general index 1.91 higher at 293.56, still 1.8 per cent down on the week.

Turnover recovered to Pta34.70bn from Thursday's Pta28.7bn. Repsol extended its gains with a lift of Pta125, or 3.3 per cent to Pta3,880 while Endesa changed direction with a recovery of Pta60 to Pta5,450.

FRANKFURT's Dax index closed the session 7.00 higher at 2,050.85, up 0.7 per cent on the week in turnover of just DM4.7m. Three strong strands of reasoning moved blue chips during the official session.

Carmakers were strong, with BMW rising DM9 to DM799, Daimler DM11.80 to DM728.80 and Porsche DM35, or 4.5 per cent to DM818.

Mr Hans-Peter Wodniok of Robert Fleming in Frankfurt said that US car registration figures hit the German media yesterday; Porsche showed a big rise from a low base and its illiquid shares offered a naive response. Meanwhile, BMW seemed to be financing the Rover acquisition with ease, and Daimler said that its car sales and production figures were the best-ever in any single half year, following deep recession in 1993.

Chemicals were weak, reflecting the fashion for selectivity in cyclicals; in defensives the three big utilities, RWE, Veba and Viag, were all up by around 2 per cent, suggesting that German investors were still safety-conscious.

ZURICH continued on its downward path, the SMI index losing 30.2 to 2,560.3, taking the week's decline to 1.2 per cent.

Roche certificates, which fell 3.2 per cent on Thursday after James Capel downgraded the issue, came under renewed pressure on selling by London based investors. The stock gave up SFr80 before finding local buying support at SFr6,000. Ciba fell SFr13 to SFr777.

CS Holding, which had been under less downward pressure in recent days than the rest of the sector, fell SFr10 to SFr566.

MILAN remained on hold, still waiting for budget details which are now promised in a few days' time, and the Comit index gave up 4.40 to 686.92, little changed on the week.

Pirelli, however, bucked the downward trend, rising L20 to L2,539 after the managing director was reported as saying that the financial position was good with consolidated debt below L2,000bn from L2,130bn at the end of last year.

Ina, on its third trading day, was unchanged at the placing price of L2,400.

AMSTERDAM was mixed with a downward bias and the AEX index dipped 0.38 to 385.84 after a session enlivened only briefly by the US employment data. The market was little changed on the week.

Fokker stood out, gaining 70 cents to Fl 15.70 as retail investors began buying on news that the aircraft maker would detail its refinancing plans soon. Professionals remained sceptical and said they would prefer to wait for the details.

ISTANBUL suffered a fresh blow with the annulment of a draft law which gave the cabinet powers in privatisation.

The composite index dropped 4.6 per cent in heavy selling, ending 986.14 lower at 20,423.51 and reducing the week's gains to 5.4 per cent.

State-sector shares dipped to their lower price margins but bargain-hunting in private issues brought some relief in the second half of the session.

Written and edited by William Cochrane and Michael Morgan

SOUTH AFRICA

Johannesburg ended mixed but mostly softer in sluggish trade as weaker bullion put pressure on sentiment. The overall index closed 2 lower at at 5,405, industrials added 6 to 6,250 and the gold index shed 27 at 2,059.

ASIA PACIFIC

Nikkei down amid regional uncertainty

Tokyo

Technical trading dominated the day's activity, with most investors absent ahead of the G7 meeting in Naples. The Nikkei index declined on arbitrage-linked selling, *writes Emiko Terazono in Tokyo.*

The 225 average lost 93.51 to 20,526.51, marginally lower on the week. It saw a high of 20,691.84 in the morning on buying by individual investors, but institutional and foreign investors remained inactive and the index touched a low of 20,440.09 in the last hour of trading.

Volume totalled 342m shares against 283m. Traders said the bulk of the business was linked to the settlement of July index options contracts. Investors also remained sidelined ahead of the US employment figures, which are expected to give some indication of short-term US monetary policy.

The Topix index of all first section stocks fell 7.55 to 1,660.88 while the Nikkei 300 lost 1.37 to 301.48. Losers outnumbered gainers by 640 to 318 with 206 unchanged and, in London, the ISE/Nikkei 50 index rose 1.21 to 1,347.54.

Terumo, the disposable medical equipment supply manufacturer, which saw its share price rise earlier in the week on its development of a three dimensional television, fell Y50 to Y1,120 on profit taking.

Nippon Telegraph and Telephone fell Y6,000 to Y855,000 on reports that the company's office was being searched by police in connection with the arrest of an employee in an alleged bribery case.

In Osaka, the OSE average fell 97.53 to 23,112.00 in volume of 30.3m shares.

Roundup

The course of US interest rates, yesterday's US jobs data and the start of the G7 summit left several markets apprehensive.

HONG KONG's Hang Seng index closed 57.90 down on the day, and another 2.3 per cent lower on the week. Turnover shrank from HK$3.37bn to a preliminary HK$2.48bn. Luoyang Glass H shares made their debut at HK$3.31 and tumbled to HK$2.92 at the close, against their public offer price of HK$3.65.

BANGKOK fell after the Thai opposition filed no-confidence motions against four government ministers and the deputy prime minister, Amnuay Viravan resigned his posts in the coalition government and his own party. The SET index fell 15.52 to 1,287.34, up 1.1 per cent on the week, in moderate turnover of Bt5.07bn.

MANILA took profits and the composite index dropped 45.38 to 2,583.85, 4.1 per cent lower on the week with the telephone stock, PLDT down 3.8 per cent to its year's low of 1,480 pesos.

WELLINGTON hit a new 1994 low with the NZSE-40 index down 10.33 at 1,955.93, off 1.4 per cent with brokers fairly phlegmatic about the marking down process.

TAIPEI put on 1.6 per cent in heavy trade, led by financials, electronics and some fund shares. The weighted index rose 96.45 to 6,191.79, or 4.4 per cent higher on the week.

SYDNEY rallied in late trade to finish marginally stronger, helped by a round of afternoon bargain-hunting. The All Ordinaries index finished 2.7 higher at 1,964.9, off its intraday low of 1,957.0, and unchanged on the week.

KUALA LUMPUR rebounded from early doldrums to close higher in retail-led buying, sparked by expectations of a technical rebound following one-and-a-half weeks of sluggish trade and growing expectations of elections.

The composite index ended 6.41 higher at 987.78, but still 1.6 per cent lower over the week.

SINGAPORE overcame recent weakness as bargain hunting developed at the lower levels and the Straits Times Industrials index ended 16.93 higher at 2,162.94, still 2.2 per cent lower on the week.

SEOUL saw a technical rebound following recent retreats and the composite stock index added 3.25 to 948.96 for a 1.4 per cent rise on the week. Financials lost momentum after the government decided to delay a plan to foster financial conglomerates.

JAKARTA was mixed in moderate trading although activity picked up on news that the government planned to raise its 49 per cent limit on foreign share ownership. The official index ended 1.90 lower to close at 452.20, for a 1.3 per cent rise on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 7 1994								WEDNESDAY JULY 6 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (69)	162.77	−1.3	156.71	101.88	133.24	148.45	−1.7	3.72	164.84	157.73	102.25	134.42	150.95	189.15	136.93	136.93
Austria (17)	184.71	−1.0	177.84	115.61	151.20	151.32	−0.4	1.06	186.64	178.59	115.77	152.20	151.98	195.41	143.83	143.83
Belgium (37)	167.25	−0.3	161.03	104.88	136.91	134.40	0.1	4.11	167.84	160.60	104.11	136.87	134.21	176.67	143.62	146.39
Canada (108)	123.69	0.8	119.09	77.42	101.25	124.39	1.0	2.72	122.72	117.43	76.12	100.07	123.14	145.31	120.54	128.01
Denmark (33)	258.16	−0.4	248.51	162.20	212.14	218.47	0.0	1.36	260.31	249.08	161.46	212.27	218.40	275.79	207.58	214.66
Finland (24)	150.78	1.7	145.15	94.36	123.40	165.48	2.4	0.86	148.26	141.87	91.96	120.90	161.62	158.72	95.42	99.98
France (97)	164.64	0.8	158.51	103.04	134.77	139.81	1.3	3.20	163.37	156.32	101.33	133.21	137.97	185.37	149.60	150.87
Germany (58)	138.73	0.1	133.57	86.83	113.56	113.56	0.5	1.82	138.64	132.66	85.99	113.05	113.05	147.07	110.15	110.15
Hong Kong (56)	345.20	0.4	332.38	216.08	282.58	342.52	0.4	3.46	343.96	329.12	213.34	280.48	341.23	508.56	271.42	287.59
Ireland (14)	187.75	1.2	180.76	117.51	153.69	173.65	1.8	3.51	185.50	177.50	115.08	151.27	170.63	209.33	165.93	156.70
Italy (80)	83.76	−1.1	80.65	52.43	68.57	98.19	−0.6	1.61	84.72	81.06	52.55	69.08	98.80	97.78	57.88	67.69
Japan (468)	168.02	−1.1	161.77	105.16	137.54	105.16	−0.2	0.73	169.83	162.51	105.34	138.49	105.34	170.10	124.54	146.00
Malaysia (98)	454.55	−0.8	437.64	284.50	372.09	454.66	−1.1	1.79	458.05	438.30	284.12	373.53	459.62	621.63	322.60	332.30
Mexico (18)	1942.08	1.4	1869.77	1215.49	1589.67	7219.29	1.5	1.85	1915.38	1832.75	1188.03	1561.66	7114.55	2647.08	1481.21	1481.21
Netherland (27)	200.78	−0.2	193.31	125.67	164.35	162.02	0.3	3.51	201.10	192.42	124.73	163.99	161.51	207.43	164.59	168.40
New Zealand (14)	65.72	−0.2	63.28	41.14	53.80	58.39	−0.7	4.10	65.88	63.04	40.88	53.72	58.81	77.58	51.62	51.82
Norway (23)	191.66	−0.3	184.53	119.96	156.89	179.88	0.1	1.84	192.33	184.03	119.29	156.83	179.61	206.42	153.27	153.27
Singapore (44)	322.46	−1.0	310.47	201.83	263.96	225.65	−0.9	1.87	325.63	311.59	201.98	265.54	228.00	378.92	244.27	249.67
South Africa (59)	266.31	1.9	256.40	166.68	217.99	277.35	0.3	2.26	261.43	250.15	162.15	213.18	276.56	284.68	175.93	211.77
Spain (42)	133.45	−0.2	128.48	83.53	109.24	132.11	0.1	4.38	133.66	127.89	82.90	108.99	132.01	155.79	116.33	123.50
Sweden (36)	198.92	1.1	191.52	124.51	162.84	230.84	1.0	1.73	196.70	188.21	122.01	160.40	228.56	231.35	166.07	168.07
Switzerland (47)	159.96	−1.0	154.01	100.12	130.94	131.56	−0.4	1.85	161.54	154.57	100.20	131.73	132.08	176.56	124.46	126.37
United Kingdom (205)	186.24	0.0	179.31	116.57	152.45	179.31	0.6	4.20	186.30	178.26	115.55	151.92	178.26	214.96	170.32	172.85
USA (519)	182.87	0.5	176.07	114.46	149.69	182.87	0.5	2.93	182.00	174.15	112.89	148.41	182.00	196.04	178.95	181.24
EUROPE (720)	163.90	0.0	157.80	102.59	134.17	148.24	0.5	3.14	163.97	156.90	101.71	133.71	147.55	178.56	142.48	142.54
Nordic (116)	200.01	0.7	192.56	125.18	163.72	197.39	0.9	1.51	198.60	190.03	123.18	161.94	195.81	220.60	160.28	160.44
Pacific Basin (750)	173.64	−1.0	167.18	108.68	142.14	113.82	−0.2	1.05	175.37	167.80	108.77	143.01	114.10	175.87	134.79	149.87
Euro-Pacific (1470)	169.42	−0.6	163.11	106.03	138.68	127.92	0.1	1.90	170.45	163.09	105.72	138.99	127.86	170.78	143.88	148.75
North America (625)	179.20	0.5	172.53	112.16	146.69	178.66	0.5	2.92	178.33	170.63	110.61	145.42	177.97	192.73	175.67	177.93
Europe Ex. UK (515)	148.11	−0.1	142.60	92.70	121.24	129.38	0.4	2.52	148.18	141.79	91.91	120.83	128.86	157.47	123.67	123.67
Pacific Ex. Japan (281)	232.59	−0.5	223.94	145.58	190.40	209.09	−0.7	3.05	233.76	223.68	144.99	190.62	210.51	298.21	184.93	198.15
World Ex. US (1653)	170.08	−0.5	163.75	106.45	139.22	131.09	0.1	1.93	170.95	163.58	106.04	139.40	130.97	172.51	145.58	147.80
World Ex. UK (1967)	172.05	−0.2	165.65	107.68	140.83	144.01	0.2	2.09	172.37	164.93	106.91	140.56	143.74	175.58	155.96	156.43
World Ex. So. Af. (2113)	172.77	−0.2	166.34	108.13	141.42	146.31	0.2	2.27	173.10	165.63	107.37	141.15	145.98	178.56	157.61	157.61
World Ex. Japan (1703)	178.57	0.2	171.93	111.77	146.17	171.03	0.4	2.99	178.12	170.44	110.48	145.25	170.34	195.20	166.06	166.06
The World Index (2172)	173.32	−0.2	166.87	108.48	141.88	147.29	0.2	2.27	173.62	166.43	107.69	141.58	146.98	178.97	157.89	157.89

Latest prices unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied-Lyons	540	19	37	–	8	21	–
(*548)	580	3	15	–	44	50	–
Argyll	220	17½	28½	30½	2	7½	12
(*234)	240	4½	14½	18½	11	17	22½
ASDA	50	7	8½	10½	1	3½	4½
(*56)	60	1½	4	5½	5½	8½	10½
Brit Airways	390	33	46½	52½	3	11	17
(*419)	420	11	27	32	12	23½	30
Saat Schw A	390	21	32½	41½	5½	18½	26
(*404)	420	5	18	27½	21½	34½	41½
Boots	500	45½	58	66	1½	8	15½
(*541)	550	8	27	38	16	28	36½
BP	360	30	39½	46	2½	9½	14½
(*386)	390	8	22½	29½	12	22	27½
British Steel	140	8½	15	19	3	7½	10
(*146)	160	1½	6½	10	15½	18½	21½
Bass	500	24	43	48½	5½	17	30
(*516)	550	3½	19	25½	37½	44	60
Cable & Wire	390	22	38½	45½	5½	15	22½
(*404)	425	5	–	–	25½	–	–
Courtaulds	460	44	57	65	1½	9	16
(*499)	500	12½	31½	41	11	25	33
Comm Union	500	38	44	53½	2	16½	21½
(*526)	550	8	17½	29	25½	44½	47
ICI	750	28	46½	62½	8½	30½	38
(*767)	800	6½	23	38½	37½	60½	67
Kingfisher	500	35	47½	58½	5	17	24½
(*527)	550	6½	25	34½	28½	40½	50½
Land Secur	650	16½	36	46½	9½	20½	29
(*656)	700	3	14	25	47	51	58
Marks & S	390	17	29½	37	4	11½	18
(*401)	420	3½	15	22½	21½	27	34
NatWest	420	21½	31½	41½	5½	19½	23
(*434)	460	3½	15	23½	30	44	46
Sainsbury	360	25½	38	44½	4½	12	18½
(*380)	390	5½	21½	28	16	26	33
Shell Trans.	650	51	60½	67½	1½	12½	17½
(*698)	700	16½	27	38½	13½	32	37
Storehouse	200	13½	21½	25½	2½	7½	11½
(*210)	220	3	11	15½	13	18	22
Trafalgar	79	7½	–	–	2½	–	–
(*84)	88	2½	–	–	6½	–	–
Unilever	950	47	71½	81½	4½	18	27½
(*987)	1000	13	40	55	24	39½	48½
Zeneca	700	44	58	68½	4½	19	26½
(*737)	750	11	29	43	22½	44	51½
Option		Aug	Nov	Feb	Aug	Nov	Feb
Grand Met	390	26½	41½	49	6	15½	22½
(*407)	420	11	25	33	21	30	37½
Ladbroke	140	21½	27	31	2	6½	7½
(*158)	160	8	15	20½	8½	14½	17
Utd Biscuits	300	19	29	35	6½	15	18
(*310)	330	5½	14½	21½	23	32½	35½
Option		Sep	Dec	Mar	Sep	Dec	Mar
Fisons	130	16½	20½	23½	6½	11½	14
(*136)	140	11½	15	18	11½	16½	19
Option		Aug	Nov	Feb	Aug	Nov	Feb
Brit Aero	460	23½	47½	61½	18	41	48½
(*462)	500	8	31½	44½	45½	64½	72½
BAT Inds	390	18½	30½	39	14½	23½	26½
(*397)	420	6½	18½	26½	37½	43	45½
BTR	360	23	31½	38	4½	13½	17½
(*378)	390	6½	15	24½	19	30	33½
Brit Telecom	360	32	35	38½	5	10½	16½
(*389)	390	8	17½	23½	18	25	32
Cadbury Sch	390	34	43	49½	3½	11½	14
(*417)	420	13	25½	33	13½	24½	27½
Eastern Elec	550	61	59	71½	7	20½	29
(*598)	600	14	33½	48	31½	45	54
Guinness	420	19	31	39	8	19½	22½
(*429)	460	3½	13½	21	34½	44	46
GEC	260	14½	18½	22	7½	12½	15½
(*270)	280	4½	10½	13	22	25	28

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Hanson	240	12½	18	22	4	11½	15
(*246)	260	3½	9½	13½	16	22½	26
Lasmo	134	7	13½	–	6	12	–
(*135)	154	2	6	–	21½	24½	–
Lucas Inds	180	12½	19½	23	5	13½	16½
(*185)	220	4½	11	14	18	26½	29
P & O	650	25½	43	56½	20½	42½	50½
(*653)	700	7½	22	35½	54	74½	81½
Pilkington	160	17	23	25	2½	5½	9½
(*172)	180	5½	11	15	11½	15	19½
Prudential	280	17	24½	30	5	14½	16
(*290)	300	6½	14½	20½	15½	25½	27
RTZ	800	34	58	74½	16	37	44½
(*814)	850	11½	33	50½	45½	65½	71½
Redland	500	25½	41½	50½	11½	28½	34½
(*512)	550	5	18½	28½	43	59½	64½
Royal Insce	220	22½	29½	34½	3	11½	12½
(*237)	240	9	18	23½	10½	21	22
Tesco	200	19	24	28½	2½	8	11½
(*214)	220	6	12½	17½	11½	18	21½
Vodafone	500	41½	60½	68½	6½	19	27
(*531)	550	12½	32½	43	28½	43½	52
Williams	330	5½	14½	–	23	32½	–
(*349)	360	2	6½	–	52	57	–
Option		Jul	Oct	Jan	Jul	Oct	Jan
BAA	900	33	60	73½	8	24½	34
(*920)	950	8	33½	48	35½	50½	59½
Thames Wtr	420	37	48½	52	1½	8	15
(*453)	460	8	23½	28	14	23	33
Option		Sep	Dec	Mar	Sep	Dec	Mar
Abbey Natl	390	21½	30½	38½	17	22½	30½
(*393)	420	9	17	24½	37	41	48½
Amstrad	25	4½	5½	6½	2½	3½	4
(*27)	30	2½	3½	4½	5	6½	7
Barclays	500	36½	47½	58	16	24	32½
(*521)	550	13½	25	32½	45½	52½	61
Blue Circle	300	26½	33½	41½	12	16½	19½
(*313)	330	12½	19	27	29½	33½	36
British Gas	260	21	24½	29½	7	13½	15
(*271)	280	11	14½	19½	17	25	26½
Dixons	180	16	22½	26½	12½	15	17½
(*186)	200	7	14	18	23½	26½	29
Hillsdown	160	13½	17½	21½	7	9	11½
(*164)	180	5	8	13	20½	22	23½
Lonrho	130	9½	13½	18	10½	13½	17½
(*130)	140	4½	9½	14	17	20	24
Natl Power	420	30	39½	48	15	22½	27
(*431)	460	11½	21	28½	37	44½	49
Scot Power	330	34½	38	43	11	15½	18½
(*358)	360	16	22	27½	25	29	33½
Sears	110	8½	12	13½	5	7	8½
(*113)	120	4½	7	8½	11	13	14½
Forte	220	16	19½	24½	10½	16	19
(*221)	240	7½	11½	16	23½	29	31
Tarmac	140	21	24½	27½	6	9	11½
(*153)	160	18	14	18	15½	20½	22½
Thorn EMI	1000	59	83	96½	37	52½	66
(*1036)	1050	33	58	71½	66	79	93
TSB	180	24	28	31	4½	7½	10½
(*198)	200	11½	17	21	14	17	20
Tomkins	200	22	27	30	6	9	12½
(*216)	220	12	16½	19½	16½	19½	23
Wellcome	600	39½	57½	70½	32	45½	53½
(*605)	650	21½	35½	49	62	75	83½
Option		Jul	Oct	Jan	Jul	Oct	Jan
Glaxo	550	29	47	58½	8½	36	45½
(*569)	600	8	25	36	38	67½	75
HSBC 75p shs	650	34	64½	83	16	46	60
(*665)	700	11½	42	60½	44	73½	85
Reuters	462	14	31	–	12½	29	–
(*463)	475	8	28	–	20½	34½	–
Option		Aug	Nov	Feb	Aug	Nov	Feb
Rolls-Royce	180	12½	20½	24	5½	12½	15
(*185)	200	3½	11½	15½	17½	24½	27

* Underlying security price. Premiums shown are based on closing offer prices.
July 8, Total contracts: 32,476 Calls: 19,773 Puts: 12,703

FT GOLD MINES INDEX

	Jul 7	% chg on day	Jul 6	Jul 5	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (36)	1879.34	−0.1	1881.40	1902.29	2079.23	2.17	2367.40	1522.66
■ Regional Indices								
Africa (16)	2759.97	+0.2	2754.87	2817.68	2899.44	4.84	3440.60	1902.23
Australasia (8)	2417.28	−2.3	2473.86	2479.23	2507.80	2.12	3013.89	1593.18
North America (12)	1541.69	+0.3	1537.25	1547.79	1780.47	0.70	2039.65	1363.00

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Predecessor Gold Mines Index: July 6 : 217.4; day's change: +0.0 points; Year ago: 222.2
Latest prices unavailable for this edition.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	30	34	8	164	137	59
Other Fixed Interest	0	3	12	16	21	38
Mineral Extraction	64	30	106	302	258	440
General Manufacturers	116	109	430	655	601	2,020
Consumer Goods	31	43	117	191	187	577
Services	101	79	326	459	426	1,648
Utilities	8	25	12	74	97	54
Financials	56	75	238	385	443	1,021
Investment Trusts	49	65	354	430	268	1,642
Others	25	34	74	188	213	264
Totals	480	497	1,677	2,864	2,651	7,763

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	June 27	Last Declarations	Sept. 29
Last Dealings	July 8	For settlement	Oct. 10

Calls: Caverdale, Haemocell, Navan Res., Ovoca Res. Puts & Calls: Caverdale, Haemocell, Ovoca Res.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	31.5	104	99½	Baillie Gfrd Shn C	101½		–	–	–	–
§40	F.P.–	16.4	45	43	‡Biocure	45		–	–	–	–
105	F.P.	9.70	113	105	Bloomsbury Pb	113		WN2.94	2.7	3.3	11.5
150	F.P.	17.2	180	158	CPL Aromas	158	+1	LN3.0	2.4	2.4	15.1
100	F.P.	54.2	107	98	Chesterton Intl	106		RN3.3	1.8	3.9	14.9
44	F.P.	47.5	44	43	Cortecs	43		–	–	–	–
220	F.P.	108.9	225	222	Eurodollar	222		WN8.5	0.9	4.6	17.4
–	F.P.	–	35¾	32¼	Five Arrows Wts	33½	–¼	–	–	–	–
–	F.P.	76.4	93	90	Fleming Indian	91		–	–	–	–
–	F.P.	7.56	50	42	Do Warrants	45		–	–	–	–
225	F.P.	108.3	233	225	Intermediate	232		LN9.9	2.1	5.3	8.1
	F.P.	53.8	165	163	JBA	163		LN2.4	4.1	1.8	16.6
–	F.P.	–	77	63	JF Fl Japan Wts	68		–	–	–	–
3	F.P.	1.73	3¼	3	John Mansfield	3¼		–	–	–	–
–	F.P.	14.3	97	94	J'son Fry Euro	95½		b5.2	–	6.6	–
120	F.P.	34.2	130	125½	Norcor	127		W4.56	2.5	4.5	10.8
100	F.P.	65.8	95	94	Old Mutual SA	94		–	–	–	–
–	F.P.	6.16	44	43	Do Warrants	44		–	–	–	–
–	F.P.	267.5	131	106	Redrow	121	+8	WN2.7	2.5	2.8	15.4
	F.P.	44.6	92	88½	Scudder Latin	89		–	–	–	–
–	F.P.	6.02	44	42	Do Wrts	43		–	–	–	–
100	F.P.	24.8	99	98	Shires HY Smlr C	99		–	–	–	–
100	F.P.	3.52	97	97	TR Euro Gth Ptg	97		–	–	–	–
–	F.P.	–	14	8½	TR Prop Wrts	12½	–¾	–	–	–	–
	F.P.	19.8	90	86	Universal Ceramic	90		LN3.75	1.9	5.2	12.6
150	F.P.	50.8	150	129	VCI	131	+1	WN5.5	1.8	5.2	11.7
–	F.P.	57.4	49	42	VideoLogic	42	–4	–	–	–	–

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
255	Nil	9/8	6pm	1½pm	Assoc Nursing	1½pm	
410	Nil	18/8	54pm	46pm	Cater Allen	46pm	
–	Nil	13/8	105pm	78½pm	Charter	78½pm	–10
–	Nil	17/8	235pm	2pm	Euro-Disney	3pm	
265	Nil	14/7	65pm	3½pm	Eurotunnel	10pm	
425	Nil	1/8	69pm	54pm	Faber Prest	54pm	
68	Nil	8/8	71pm	33pm	Hewtal Whiting	71pm	
24	Nil	25/7	2¾pm	2½pm	Helene	2½pm	
70	Nil	18/8	10pm	8pm	‡Learmonth & Brchtt	9pm	
70	Nil	19/8	12pm	11pm	London Intl.	12pm	
105	Nil	–	5pm	3pm	Oriel	5pm	
9	Nil	3/8	¾pm	¼pm	Paramount	¾pm	
15	Nil	25/7	6pm	1½pm	Quiligotti	8pm	+3
130	Nil	14/7	28pm	10pm	Ricardo	11pm	+½
73	Nil	5/8	3pm	¼pm	Wates City of Lon	¼pm	

FINANCIAL TIMES EQUITY INDICES

	July 8	July 7	July 6	July 5	July 4	Yr ago	*High	*Low
Ordinary Share	2331.4	2327.4	2305.7	2320.5	2324.4	2229.2	2713.6	2240.6
Ord. div. yield	4.31	4.32	4.35	4.33	4.33	4.14	4.46	3.43
Earn. yld. % full	5.73	5.74	5.80	5.77	5.76	4.93	5.95	3.82
P/E ratio net	18.57	18.52	18.35	18.45	18.47	25.86	33.43	17.89
P/E ratio nil	19.31	19.26	19.08	19.19	19.21	24.07	30.80	18.61

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2330.4	2328.2	2335.7	2335.6	2336.3	2336.3	2331.2	2329.6	2328.8	2338.3	2325.0

	July 8	July 7	July 6	July 5	July 4	Yr ago
SEAQ bargains	20,530	20,131	19,089	19,496	21,849	27,016
Equity turnover (£m)†	-	1310.7	989.7	968.8	891.0	1227.9
Equity bargains†	-	22,159	21,923	22,449	23,580	30,471
Shares traded (ml)†	-	440.0	424.4	396.5	463.8	552.8

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

Notes	Price	+ or -	1994 High	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	£22⅛	+⅛	£25⅞	£20⅞	6,445	5.1	♦
ANZ A$	187¼	+1	276¾	179¾	2,480	6.0	14.4
Abbey National	386	+2	523	351	5,182	4.4	13.3
Allied Irish I£	243	+2	314	234	1,801	5.2	9.3
Anglo Irish I£	61xd	—	79	50	178.5	8.4	9.3
Asahi Y	790½	-9½	849¾	628	14,348	0.6	♦
Banco Bil Viz Pts	£14⅝	—	£16⅝	£14⅛	3,220	5.2	6.4
Banco Sant Pts	£30½	—	£30½	£23¾	4,989	4.7	10.6
Bk Ireland I£	282xd	+3	319	246	1,236	5.0	7.6
Bank Scotland	178xd	-2	247	172½	2,075	3.5	14.6
9¼pc Pf	117	+¼	141½	114	117.0	9.9	—
9¾pc Pf	122	+¼	149½	119¾	122.0	10.0	—
Barclays	522	-7	640	457	8,402	3.8	21.6
Dai Ichi Kan Y	£12⅝	-⅛	£13⅞	£10⅞	36,285	0.4	67.8
Deutsche DM	[illegible]	+⅛	£344¼	£270¼	13,988	2.1	—
Espirito Santo	£18½	-⅛	£26½	£17½	197.9	4.3	4.5
First Nat Fin	65	—	90	60	107.2	2.9	—
6.3pc Cv Pf	78xd	—	90	77	5.31	10.0	—
7pc Cv Pf	132xd	-½	171	129	62.8	6.6	—
Fuji Bank Y	1487¼	-4¼	1548¼	1152½	43,000	0.4	♦
HSBC HK	686	-6	1133	682	12,086	4.3	9.9
HSBC (75p Shs)	686	-8	1113	664	5,947	4.4	9.6
Lloyds	532	-6	660	519	6,676	5.2	11.2
Mitsubishi Y	£17⅛	—	£18⅞	219¾	46,135	0.3	♦
Mits Tst & Bk Y	1040¾	-15	1162¼	687½	13,684	0.6	16.7
Mitsui Tst & Bk Y	770¾	+10½	879	514	9,236	0.7	28.3
Nat Aust A$	509xd	+¼	629¼	498¾	6,732	4.7	12.2
NatWest	435	—	622	421	7,238	5.3	9.9
Ottomane FFr	£23½	—	£33	£23½	117.5	6.2	♦
Ryl Bk Scotland	416xd	-5	528	382½	3,367	3.7	16.5
Sakura Y	22⅛	—	25⅞	20⅛	39,135	0.6	56.8
Sanwa Y	£14⅝	+⅛	£15⅞	£11⅞	41,865	0.4	♦
Standard Chartd	246	-1	358¾	223	2,364	3.0	10.8
7 3/8pc Pf	92	+¼	109½	89¾	92.8	10.0	—
Sumitomo Y	£13½	—	£16¼	£11⅛	42,415	0.4	28.1
Sumitomo Tst Y	1694¾	+17¾	1146½	625	12,685	0.5	♦
TSB	198½	+½	281	197	3,007	5.2	8.6
Tokai Y	29¾	+⅛	29	25⅝	17,795	0.6	56.6
Toyo Tst & Bk Y	616¾	-3	682	506¼	6,420	0.5	72.9

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1994 high	low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan □	116	—	120	89	–	116.9	0.8
Warrants □	58½	—	88	47	–	–	–
Personal Assets	275	—	294	£79	3.1	8284.8	4.4
Pilot Inv N□	128xd	—	153	125½	1.5	128.9	0.7
Warrants □	48	—	69	44	–	–	–
Piper Euro Smlr □	92	—	96	91	–	92.7	0.8
Warrants □	33	—	36	33	–	–	–
Primadona	264	—	291	264	2.1	298.4	11.5
[illegible] Intl ♣●N□	208	—	*278	208	2.0	243.1	15.3
Warrants	78	—	140	78	–	–	–
RIT Capital ♣N□	172	–2	189	170	1.1	208.3	17.4
2½pc Cv Ln 2000	£172½	–1	£188½	£170½	1.4	–	–
Radiotrust □	78	—	88	70	–	73.3	–6.0
Rights & Iss Inc N	158	—	184	153	6.9	–	–
Cap N	463	—	535	440	2.3	495.4	6.5
Riv & Merc Am Inc N	106xd	—	121	106	9.2	–	–
Cap □	30½	—	38	30½	–	41.3	26.2
Warrants	14	—	17	13	–	–	–
Riv & Mer Ext. N□	121	—	147	113	8.1	106.1	–12.3
Warrants	31	—	49	28	–	–	–
Zero Div Pf	111	—	116½	110	–	–	–
Riv & Mer Geared N	90	—	116	90	18.5	–	–
Prfd Cap 1999	24	—	35	23	–	33.1	27.5
Riv & Merc Smlr N□	123	—	170	118	4.1	135.0	8.9
Warrants	35	—	77	32	–	–	–
Riv & Merc Tst Inc N□	116	—	127	114	9.8	–	–
Cap □	120	—	150	118	–	174.8	31.4
Warrants	30	—	40	30	–	–	–
Do. Stepd Pf N	158	—	193	149½	4.7	–	–
River Plate Inc N□	108xd	—	113	105	10.3	–	–
Cap □	81	—	118	80	–	127.2	36.3
Warrants	4	—	11	4	–	–	–
Zero Div Pf	85½	+¼	85½	83¼	–	–	–
St Andrew N	302	—	343	290	3.2	314.4	3.9
St David's Inc N	140	—	142	124	13.2	–	–
Cap	167	—	223	167	–	233.6	28.5
Zero Pf	145	+½	151½	142½	–	–	–
Saracen Value □	82	—	96	81	–	93.1	11.9
Warrants □	26	—	43	20	–	–	–
SPLIT Inc	179	—	210	170	23.4	–	–
Cap	1065	–5	1235	1055	–	1248.9	14.7
Schroder UK Gwth □	95	–1	99	90½	–	85.2	–10.3

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's
Toronto-Dom	97⁄8xd	—	11¼	9⅞	2,971	4.1
Trans Can Pipe ♥	7⅜	—	10⅜	7⅜	1,385	5.5

SOUTH AFRICANS

Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind	£27¼	—	£27½	£13½	1,774	2.7	19.9
Barlow Z	64⅞xd	—	95⅛	£3⅞	909.0	0.7	–
Gold Flds Prop R	89	—	106	76	10.1	10.1	8.8
NK Props s	85	—	96	85	3.42	10.5	34.9
SASOL ♥	325	—	382	280	1,841	4.8	–
SA Brews	£11¾	–⅛	£15⅞	£10	6,361	2.3	19.2
Tiger Oats †	638xd	—	838	538	958.4	2.5	13.5
Tongaat-Hulett	646xc	—	*738¼	427½	485.0	2.4	18.1

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on BMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FT Cityline

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FINANCIAL TIMES
Weekend July 9/July 10 1994

Thatcher joins offensive against defence cuts

Fight to save Rosyth wins all-party support

By David Owen, Lisa Wood and James Buxton

Baroness Thatcher, the former prime minister, yesterday cautioned against further cuts in Britain's armed forces as unions joined MPs of all parties in pledging to fight moves to close the Rosyth naval base in Scotland.

As fears mounted that Mr Malcolm Rifkind, defence secretary, will sound the base's death-knell next Thursday as part of a package of cuts, unions representing its 1,800 civilian employees promised a "national outcry".

Meanwhile, Lord Younger, the Conservative former defence secretary, was among a group of prominent figures who published an open letter to Mr John Major, prime minister, in The Scotsman newspaper pleading for the base to be kept open.

As Labour said it was still unconvinced of the need to close the base, the breadth of dismay at the expected move was underlined by Mr Bill Walker, Tory MP for Tayside North, who warned that the government's credibility was "on the line".

Mr Gordon Brown, the shadow chancellor, in whose Dunfermline East constituency Rosyth lies, called for an urgent meeting with Mr Rifkind and Mr Ian Lang, the Scottish secretary.

Lady Thatcher told an audience of top naval officers that Britain's armed forces were its greatest asset.

"May they continue to have the leadership, numbers and equipment so that they can serve with equal distinction in future," she said. With the international scene "increasingly uncertain", it was important to have not only what was immediately required in defence terms but also the reserves that could be called into action to meet the unexpected.

Officials from the six unions representing Rosyth's workforce will today hold a "council of war" to try to stave off the closure.

Their plan includes a lobby of parliament by workers from the UK's naval bases and naval support establishments next Tuesday and publication on the following day of an open letter to Mr Major reminding him of government promises on both Rosyth and Devonport in Plymouth.

Mr Jack Dromey, national secretary of the TGWU general workers union, yesterday said Scottish Tory MPs "should put constituents before career".

The Rosyth base is already being scaled down following a previous review in July 1991. It currently employs 1,800 civilian workers and about 4,000 naval personnel on land and sea, many of whom are accompanied by their families. The base overlaps but is distinct from the Rosyth naval dockyard whose future was guaranteed by the government last June until 2005.

UK seeks to counter German beef ban

By Deborah Hargreaves in London and Quentin Peel in Bonn

The British government is discussing easing the controls on beef cattle sales that were introduced four years ago in response to the epidemic of bovine spongiform encephalitis – mad cow disease.

The move came as Germany's 16 federal states voted in favour of an immediate, unilateral six-month ban on selective imports of British beef yesterday.

Mrs Gillian Shephard, UK agriculture minister, would need Brussels' approval for any lifting of export restrictions on live cattle. However, it is a particularly sensitive time to start asking for an easing of controls as the German and French governments are pressing for a clampdown on British beef shipments.

The Bundesrat, the German upper house of parliament, demanded that the beef ban be put into effect "without delay" by Mr Horst Seehofer, the health minister, although European Union rules would normally delay such a move between three and 12 months.

The import ban would affect all beef from cattle more than three years old, or from herds that have not been certified free of BSE for at least four years.

It is not clear how quickly Mr Seehofer will act on the measure. A health ministry official said he would wait for a response from Brussels. The European Commission's veterinary committee will discuss its response to calls for an EU-wide ban on Monday.

If the Commission fails to take new measures, Mr Seehofer has clearly reserved the right to act unilaterally, arguing that the protection of public health must take precedence over EU notification guidelines.

Agriculture ministry officials point out that the number of cases of BSE reported in the UK in the first six months of the year has dropped by 23 per cent compared with the same period last year. The number of cattle to have contracted the disease this year is 17,637 out of a total herd of 4.5m.

Revived CrossRail project may take 10 years to finish

By Roland Rudd and Charles Batchelor

The government yesterday revived the £2bn CrossRail project, using a complex procedure which means the east-west railway through London could take at least 10 years to complete.

After the failure earlier this year of a private bill authorising the scheme, the Department of Transport believed it was left with no choice but to use the 1992 Transport and Works Act, a new and untried procedure.

This will involve Mr John MacGregor, the transport secretary, laying an order before parliament following the request from the promoters of the project – London Underground, British Rail and Railtrack.

Objections will then be heard at a public inquiry or inquiries along the route, which is why Whitehall officials fear the project may not be completed until 2004.

Mr Michael Cassidy, policy director of the Corporation of London, warned that the government procedure for promoting the project was "enormously complex".

"I don't think the Transport and Works Act was ever intended for such large projects," he said.

The corporation is continuing its studies of plans to raise up to £500m from a levy on business rates coupled with an international bond issue.

Mr MacGregor said: "It remains government policy that the project should be financed as a joint venture, with a substantial private sector contribution."

The government could have promoted a hybrid bill – so named because it involves both public and private interests.

But the Department of Transport is already committed to one hybrid bill for the high-speed rail link from London to the Channel tunnel and felt it was unlikely to be awarded parliamentary time for a second.

The transport secretary announced his decision in an answer to a parliamentary question from Mr David Lidington, Tory MP for Aylesbury, who had been supported by more than 250 MPs calling for a private bill authorising CrossRail to be sent back to a quasi-judicial committee which rejected it. But Mr Michael Morris, the deputy Speaker, blocked the motion. Mrs Betty Boothroyd, the Speaker, supported Mr Morris.

The Royal Institution of Chartered Surveyors said it feared it would take at least another 10 years before CrossRail is completed. "We have got to find a speedier mechanism for implementing major national infrastructure projects."

THE LEX COLUMN

Fisons finds its man

The chief executive's job at Fisons has looked like a poisoned chalice in recent years. The sudden departure of the previous incumbent in December did nothing to dispel that impression. Mr Stuart Wallis, who is giving up the blue-chip comfort of Bowater, must reason that Fisons' troubles are now behind it. If good habits learned at Bowater can be transferred, Fisons stands a better chance of avoiding the kind of management errors which have dogged its recent progress.

The 3 per cent fall in Bowater's shares yesterday suggests that the packaging group has lost a valuable asset. Yet the muted reaction of Fisons' shares points to scepticism about Mr Wallis's ability to add value in pharmaceuticals. Housekeeping measures such as cost-cutting and selling off unwanted assets are already in hand. The bigger challenge is to decide whether Fisons can survive as an independent drugs company and, if not, to find an alternative solution. While some investors might have preferred an industry insider, the task may be better approached from a dispassionate point of view. Mr Bob Bauman, architect of Beecham's merger with SmithKline Beckman, was also an outsider.

As yesterday's performance shows, though, adding pep to Fisons' shares will not be easy. The company is already trading at a healthy price-earnings premium to the stock market average even though the rest of the pharmaceuticals sector stands at a discount. Lingering hopes that a predator will step in could be the explanation. If a bid seems less likely as Mr Wallis gets to grips with the business, the shares will be running to stand still.

US economy

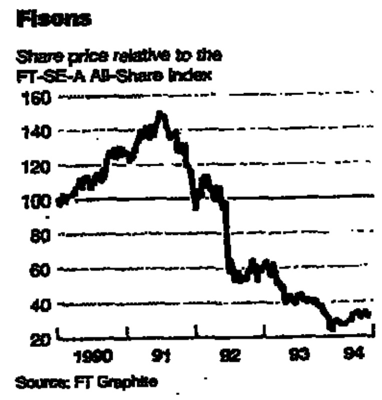
Uncertainty remains over US economic policy. Yesterday's employment data and President Clinton's remarks on the importance of not undermining the economic recovery pointed in opposite directions. The faster-than-expected employment growth gives the Federal Reserve every excuse to raise short-term interest rates. But Clinton's comments suggest the White House, at least, will not be in favour.

While bond prices plummeted in response to the employment data, the dollar initially held up well. Equities on both sides of the Atlantic advanced. But after Clinton's remarks, the dollar slid and US share prices retreated.

FT-SE Index: 2962.4 (-2.0)

Fisons

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

In the circumstances, the chance that this weekend's G7 summit will mount any co-ordinated action to prop up the dollar seems minuscule. The most that can be hoped for is unilateral action on interest rates in the next couple of weeks by the Fed. But it is hard to see a Fed move on its own doing much to boost the dollar since a rise in short-term interest rates to 6 per cent is already being discounted.

If the Fed takes no action, the markets would be even more worried. It is true, as Clinton said, that there is so far no evidence of inflation. Pay inflation is still at 2.5 per cent. But the Fed's policy stance this year has been to anticipate rather than react to inflation. A failure to raise rates would risk sending the dollar even lower and bond yields higher. With all that in prospect, it is hard to see equities opening on a positive note on Monday.

Metallgesellschaft

There seems to be no end to Metallgesellschaft's problems. Yesterday brought confirmation of a further DM1bn provision in connection with Castle Energy Corporation, which will basically absorb the surplus from the sale of its Buderus engineering subsidiary. The company cannot afford many more nasty surprises of this nature. In selling Buderus, Metallgesellschaft really was disposing of the family silver. It will be increasingly hard to find new assets to sell, but Metallgesellschaft still has a struggle to reduce its debt.

Conservation of cash is clearly a primary objective. The new management has cut this year's investment programme in half and imposed a brutal squeeze on working capital. Even so, its own projections still suggest gross debt close to DM5bn by the end of the current year. That is a sizeable sum given the low margins Metallgesellschaft can expect from its trading business at the best of times.

Creditors might be reasonably happy with management's efforts at debt service. Deutsche Bank and Dresdner have at least been repaid their emergency loan. But equity investors betting on longer-term recovery must wonder how the company is ever to generate enough earnings for expansion and eventual dividend growth. Since Metallgesellschaft still requires such radical surgery, it is more baffling than ever that its supervisory board originally failed to notice how badly things were going wrong.

UK takeovers

Tales of insider trading deals ahead of MAI's bid for Anglia Television read like the plot of a bad novel. But the Takeover Panel has again stressed the seriousness of the issue in its latest annual report. The problem was always likely to grow because of the ever-increasing complexity of bids – especially when so many are made across borders. Nowadays it is not unusual for several hundred people to be involved in preparing deals, inevitably raising the likelihood of leaks.

The Takeover Panel exhorts companies to limit the number of people involved in bids to the absolute minimum. But it clearly cannot prescribe how many advisers should know about a specific deal. The onus must always be on bidding companies to ensure everyone keeps mum. After all, it is in their best interests so to do. Enterprise was badly disadvantaged in its bid for Lasmo by being forced into a premature statement when share prices started to twitch.

Whether the Panel should force bidding companies into making their intentions public in this way is contentious. It could be argued that this protects the speculators most of all. It may also help prevent Aunt Agatha from trading in a false market. But that argument would carry more weight if statements were made out of market hours when private investors stand the same chance of trading the next day as professionals. The additional danger is that companies fearing takeovers could play dirty and try to force premature disclosures from bidders. The Takeover Panel should be equally aware of that danger, too.

Surrender values

Continued from Page 1

actuary for Confederation Life, said that while such policies had previously been sold for the long term, early surrender rates were now at historically high levels.

Some life companies argue that poor early-surrender values are needed so as not to disadvantage those who remain with the policy. Reliance Mutual said it had chosen not to make a surrender value available in the first year to help emphasise the long-term nature of the savings plan.

S Africa exchange system 'wrong'

Continued from Page 1

"absolutely essential" but this could be achieved within current spending limits.

"Implied in that [the RDP's success] is very strict fiscal discipline that brings with it very strict monetary discipline," he said. Mr Liebenberg, who said he had no formal political affiliation, accepted that Tuesday's news, which had been preceded by rumours of Mr Keys' resignation, had done damage as government bond rates rose half a point, and the currency weakened.

"There is no doubt there is a Keys factor but that a correction in the market was going to take place was inevitable," he said. But Mr Liebenberg acknowledged that "with hindsight, had everything been perfect, it could have been better handled."

On the question of the abolition of exchange controls, Mr Liebenberg said he was no supporter of the current system. "I believe that South Africa's two-tier exchange rate is fundamentally, inherently wrong. It cannot last. This principle is accepted. It is now a matter of timing."

Mr Liebenberg said three issues would affect the decision to abolish the financial rand: the level of reserves, the overhang of speculative financial rands in the banking system, and international confidence.

It would also be necessary to have "some sort of productivity agreement with unions" to keep the overall economic situation as stable as possible, he added.

Mr Liebenberg said he had had "major reservations" initially about possible policy clashes in government, but now felt "totally comfortable".

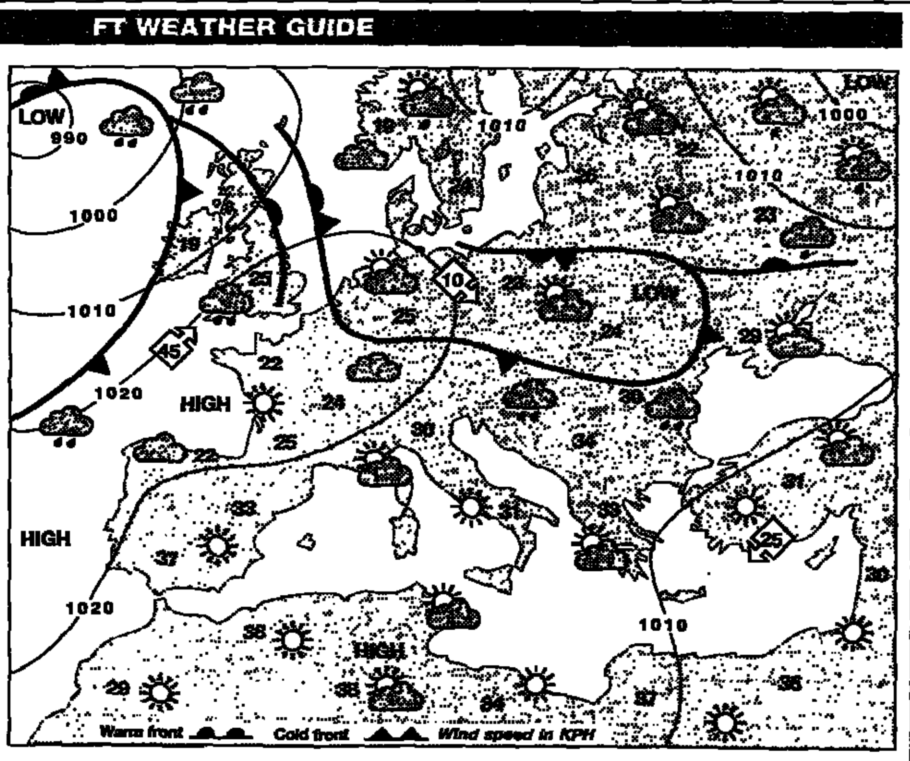
FT WEATHER GUIDE

Europe today

High pressure building up in France will bring fairly sunny and dry weather to western and southern France and eastern England. The Alps, Germany, Poland and much of south-eastern Europe will be overcast with frequent showers. There may be thunder with heavy rain in the Balkan states. Spain will be sunny and hot with temperatures in some parts of the interior rising above 35C. Italy will have a few showers in the north while the south stays dry and sunny with temperatures above 30C. Northern Europe will be warm. In central Sweden and Norway some areas could have temperatures as high as 29C.

Five-day forecast

France, eastern England, the Low Countries and Germany will become much warmer as high pressure continues to build up in the continent and high temperatures spread north from Spain. Thunderstorms will become more likely. Southern Europe will remain hot. On Monday there will be an increasing chance of thunderstorms in Italy and Greece. Southern parts of Scandinavia will stay settled and warm.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

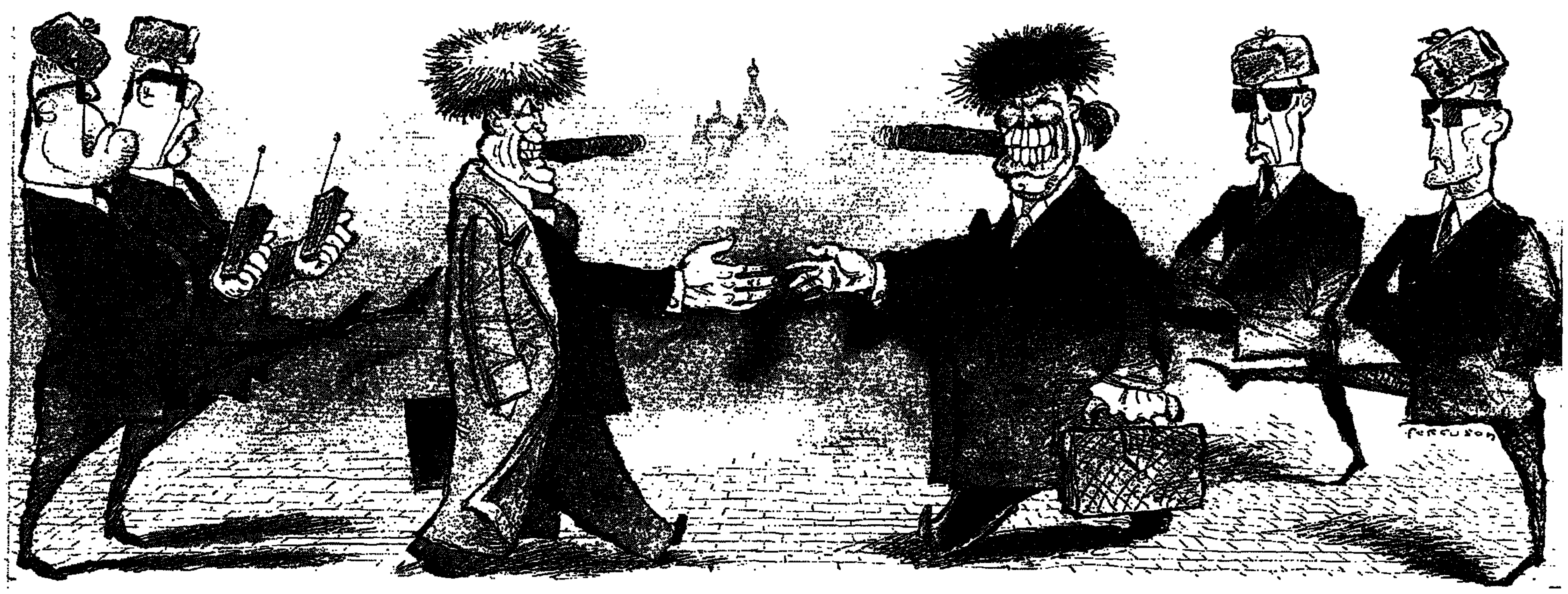
TODAY'S TEMPERATURES

		Maximum Celsius															
			Beijing	shower	34	Caracas	fair	27	Faro	sun	30	Madrid	sun	37	Rangoon	rain	31
			Belfast	rain	19	Cardiff	cloudy	20	Frankfurt	sun	26	Majorca	sun	32	Reykjavik	shower	15
Abu Dhabi	sun	38	Belgrade	fair	28	Casablanca	fair	29	Geneva	fair	24	Malta	sun	33	Rio	shower	19
Accra	cloudy	28	Berlin	shower	25	Chicago	fair	26	Gibraltar	sun	30	Manchester	cloudy	21	Rome	fair	32
Algiers	sun	33	Bermuda	shower	32	Cologne	sun	25	Glasgow	rain	19	Manila	rain	29	S. Frsco	sun	26
Amsterdam	fair	22	Bogota	shower	18	Dakar	fair	33	Hamburg	fair	24	Melbourne	fair	20	Seoul	shower	30
Athens	sun	33	Bombay	rain	30	Dallas	thund	34	Helsinki	fair	26	Mexico City	fair	19	Singapore	shower	32
Atlanta	thund	31	Brussels	fair	24	Delhi	shower	35	Hong Kong	thund	31	Miami	thund	32	Stockholm	fair	29
B. Aires	sun	6	Budapest	shower	24	Dubai	sun	40	Honolulu	cloudy	32	Milan	fair	31	Strasbourg	fair	25
B.ham	cloudy	23	C.hagen	fair	23	Dublin	cloudy	20	Istanbul	sun	31	Montreal	shower	26	Sydney	fair	18
Bangkok	rain	33	Cairo	sun	38	Dubrovnik	sun	33	Jakarta	cloudy	32	Moscow	fair	21	Tangier	fair	30
Barcelona	sun	30	Cape Town	fair	16	Edinburgh	rain	21	Jersey	fair	18	Munich	shower	22	Tel Aviv	sun	33
									Karachi	shower	33	Nairobi	fair	24	Tokyo	shower	28
									Kuwait	sun	46	Naples	fair	30	Toronto	fair	28
									L. Angeles	sun	28	Nassau	thund	32	Vancouver	fair	22
									Las Palmas	fair	28	New York	thund	35	Venice	shower	30
									Lima	cloudy	19	Nice	sun	29	Vienna	cloudy	22
									Lisbon	sun	29	Nicosia	sun	37	Warsaw	shower	23
									London	fair	25	Oslo	fair	28	Washington	thund	34
									Lux.bourg	fair	23	Paris	fair	26	Wellington	fair	10
									Lyon	fair	27	Perth	shower	17	Winnipeg	fair	26
									Madeira	fair	26	Prague	cloudy	23	Zurich	cloudy	22

Weekend FT

SECTION II

Weekend July 9/July 10 1994



Let's get down to business, comrade

As Russia's old system collapses, a dynamic market economy is taking its place. ***Daniel Yergin and Thane Gustafson*** *report*

Ivan is one of the new Russian businessmen who seem to have come from nowhere. Six years ago, he was a special education teacher. Now he is owner or director of 20 companies, which range from insurance to manufacturing of clothes, furniture and china to trading and importing.

It was the importing that interested the mafia.

Ivan's offices are at the top of a worn-out office building. The water often goes off and hallways are dingy. But Ivan's own suite is a world of stylish, modern furniture.

On the day the mafia called, six of the gangsters stayed downstairs, while five took the elevator up to his office. They knew that Ivan had received a shipment of cigarettes worth $200,000 from the west. It was on consignment, meaning that he had not yet paid for it. They wanted those cigarettes.

To make sure Ivan knew they were serious, two of them ostentatiously put guns on the table.

"They're not mine," said Ivan. "I can't give them away."

The gangsters did not care. They wanted the goods.

Ivan asked for time, excused himself and went into another office. He was shaking. He hurriedly called a friend who was an officer in the FSK, the successor to the KGB.

An FSK squad arrived quickly: on the way up, they arrested the six men downstairs. They then met Ivan, who had not yet gone back to his own office, and put a recording device on him.

Ivan returned to the room where the gangsters waited for his answer. They said their patience was not endless; they threatened him and his family. They described the different ways they had killed people. Ivan asked for more time.

The mafia boss stood up to leave. He made it clear that he expected the matter to be resolved very soon. Some of his men remained, to keep up the pressure. Then, on a prearranged signal, Ivan said: "There's no need for you to be here."

At that moment, the FSK men broke in with their guns drawn. They scooped up the guns on the table and ordered the gangsters up against the wall, frisked them, removing other guns, and then took them away in handcuffs.

Recalling the scene a few weeks later, Ivan was still shaken: "It looked like an American film."

That is one face of emerging Russian capitalism – a combination of the wild west, America's 19th century robber barons, and Chicago in the 1930s. But it is only one face of the new market economy that is developing in Russia much faster than is generally recognised.

In our book *Russia 2010*, we try to offer a preliminary sketch of how Russian-style capitalism might look in the year 2010.

It might bear more resemblance to Italian or Latin American capitalism (before privatisation) than the US or Japanese versions. But whatever its final shape, elements of Russian capitalism are already in place. Early in the next century, people may even be talking about "a Russian economic miracle".

Russians are as surprised as anyone. "The market is developing much more rapidly than I would have thought possible even a year ago," said Evgenii Yasin, one of the chief economic advisers to President Boris Yeltsin.

"Unlike socialism," Yasin added wryly, "you don't have to 'build' capitalism. It builds itself."

Russia is certainly going through wrenching changes: industrial output continues to plummet; many workers are not receiving their salaries; and many enterprises are not being paid.

Savings have been wiped out by inflation and well-trained professionals are today earning only the equivalent of £60 or £70 a month. A distinguished musicologist, for instance, now sells mineral water on the streets of Moscow. Meanwhile, people who would have been regarded as "social parasites" in Soviet days drive around in Mercedes, with personal bodyguards. Crime is pervasive: by one estimate, a third of all bank employees are security guards.

Yet what one sees does not match the dismal numbers. Colour is appearing on buildings and in shop windows, enlivening the drabness of even a year or two ago. The billboards extolling the achievements of Soviet communism have been replaced by signs advertising American candybars, Korean electronic goods, and Russian banks.

The residential construction boom on the outskirts of Moscow and other cities is so strong that it has caused a shortage of bricks. And Moscow even has its own version of Wall Street – a long row of interconnected office buildings two miles from the Kremlin.

"The country is supposed to be in a deep economic crisis, but the traffic jams in Moscow get bigger and bigger," a foreign diplomat commented sardonically.

Which is the "real" Russia – that of the great depression or the emerging market?

The answer is both. Even while the old system continues to collapse, with perhaps the worst yet to come, a dynamic market economy is beginning to take its place. Will it ever be fully functioning? Boris Fedorov, the former Russian finance minister, answered that question only half facetiously: "Why not? We already have a *malfunctioning* market economy."

No one has any idea of how big this market economy is. The statistics of the Great Russian Depression capture only the official, measurable economy. Industrial production should be declining, as the lop-sided military-industrial economy runs down. But there are no accessible numbers on the private economy.

In the Soviet era, managers had every incentive to exaggerate their economic performance, to meet their targets. Today, the incentive is just the opposite – to minimise figures to avoid the taxman (whether from the government or the mafia) and to evade regulations.

Visit Astrakhan, the caviar capital of the world, and ask how much caviar is being produced these days: "Officially, 550 tons a year," said a local caviar expert. And unofficially? "Maybe twice that, maybe five times – who knows?"

Beyond the visible and the anecdotal, there is some circumstantial evidence of the rapid growth of the private economy. Real incomes are growing by 10 per cent a year, and reported consumption levels have almost recovered to 1990 levels.

At this point, Russian-style capitalism is capitalism at its rawest. It is, as some Russians say, the era of "primitive accumulation of capital". After all, you cannot have capitalism without capitalists.

The country is caught in a great battle to gain control of the resources, property, and political power that are being set free by the collapse of the old order.

"Crime cannot be controlled," said one deputy in the Duma, the new parliament, "until the struggle for property is finished."

The distance Russia has to go to develop a modern market economy is highlighted when one considers the common features that underlie the many different "brands" of capitalism around the world.

One is a competitive price system; a second is a system of agreed-upon "rules of the game". The latter extend from general values, such as that the market should not be a corrupter, to specific laws and regulation. They also include norms – for instance, a dispute over a con-

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CONTENTS

The Long View / **Barry Riley**

Some bitter home truths

An engine of the British economy has lost power. The housing market, which gave such a spectacular push to the economic boom of the late 1980s, has failed to gather momentum during the past year's economic recovery. The Nationwide and Halifax building societies, which publish the two leading house price indices, are at odds over whether house prices rose or fell slightly in June, but they are united in calculating that the rise over the past 12 months has been only 1 per cent.

Forecasts are being trimmed. Halifax has cut its 5 per cent estimate of 1994 house price inflation to 2 or 3 per cent and John Wriglesworth, of the City investment bank UBS, has halved his 7 per cent forecast. My own cautiously-wide forecast of 0 to 5 per cent, which I made here in October, is still on track but I am surprised at the weakness of prices in the past few months.

Opinions in the London area have been influenced by the mini-boom which has been proceeding in some areas in reflection of soaring incomes in the City. Up-market property in the more desirable areas of London and the south-east has been shifting quite fast, and at rising prices. But, plainly, that is not true of the country as a whole.

Generally, personal incomes have been far from buoyant and the tax increases effective in April have, obviously, made people more reluctant to take on big new commitments. That was evident, too, in the relative weakness of consumer credit in May.

Moreover, mortgage interest rates have gone up sharply since February – at any rate, if you look at the fixed-rate loans which have become popular. Mortgages fixed for five years now cost about 9 rather than 7 per cent (measured by the annual percentage rate); and although variable rate loans are available at about 8 per cent, no less a figure than Bank of England governor Eddie George has given notice that such rates linked to short-term money market rates may go up quite soon.

Long-term measures of the fundamental value in housing are now giving reasonably positive messages. The ratio of average price to average income is under 3.5, and close to a "normal" level. The TSB first-time buyer "affordability" index is significantly more favourable than it has been since the early 1980s. But the average first-time buyer must take on a 90 per cent mortgage of £41,000. And a great many home-owners have been through a terrible experience since 1989.

A recent survey, financed by the Joseph Rowntree Foundation, found that a third of householders in Luton knew someone whose home had been repossessed. The statistics of housing market agony, such as those of repossessions and negative equity, are moderating but the failure of the forecasts of rising prices to come true will come as a bitter disappointment to those still trapped in over-mortgaged homes.

Although negative equity has been declining since its estimated peak of £12bn in the first quarter of 1993, it was still £7.6bn at the beginning of this year, according to the Bank of England. Some 70 per cent of that was concentrated in London and the south-east.

Mortgage lenders expressed disappointment this week with the £1.5bn level of net new lending in May, less than in April and little higher than May last year. But outstanding mortgage debt is now £365bn, about 50 per cent higher than at the peak of the boom in mid-1989. Mortgages account for most of the UK's comparatively high level of personal sector indebtedness (debt is 80 per cent of income, twice as high as in Germany).

There is a limit to the burden that ordinary people will take on. They now know that inflation will not bail them out: those who borrowed themselves into a financial trap in 1988 or 1989 are mostly still stuck there. Real interest rates are high, and the tax relief on interest payments is now fairly trivial: the cost to the government of Miras peaked at around £8bn in 1990-91 and is expected to be down to just £2.5bn next fiscal year.

The exposure to this debt burden is highly skewed: it is borne mostly by young people, especially in the south of the country. Only 50 per cent of northern home-owners have a mortgage, compared with 60 per cent in the south.

In the past, southerners have been ready to borrow more – both absolutely and as a proportion of the house price – than their northern counterparts. This was the price of taking part in the booming southern economy; and, anyway, the more you borrowed, the more profit you would make – wouldn't you?

Some of the forecasts of house price recovery have been based on the supposition that the southern differentials would be, at least partly, restored. But suppose, instead, that southerners act like cautious northerners in future?

Moreover, the Rowntree Foundation report (called *The Challenges for Housing Policy*) argues convincingly that home ownership has been a disaster for too many young people and families, and that first-time buyers continue to be lured into the market with loan-to-value ratios still as high as at any time since 1982. More housing for rent, and the deferment of house purchase until later in life, as in Germany, might reduce the risks to individuals of future housing market booms and busts.

Booms and busts are, of course, what chancellor Kenneth Clarke is aiming to avoid. But the loss of momentum in the housing recovery is one of the early effects of the rise in long-term interest rates, and it poses a threat to the pace of the economic upswing in general. Clarke might also wonder how the Tories will be able to win the next general election without a feel-good contribution from some degree of house price buoyancy within a year or two.

One of the more curious statistics in the Rowntree survey is that most home-owners, when questioned in 1993, thought their houses were worth more than in 1989. But buyers, it seems, have a very different view. That is why the price recovery is scarcely happening.

London

Dollar takes Neapolitan limelight

Roderick Oram

See Naples and dive may be the fate of the dollar after this weekend's Group of Seven summit.

Little if any concrete support for the US currency is expected from the heads of state at their Neapolitan meeting. Consequently the dollar could weaken further, unsettling bond and equity markets around the world.

But any adverse reaction might be short-lived, judging by the dollar's behaviour this week. It coped with US and German authorities leaving their monetary policies unchanged despite some market players hoping for interest rate help for the currency.

The relative stability of the dollar gave some firmness to European stock and bond markets. In London, the FT-SE 100 index mustered a net gain of 26 points on the week with two strong up days more than compensating for three mildly weak ones. Yet again share trading volume was light as investors waited for clear evidence that the markets had bottomed.

The index stubbornly refuses to climb back above 3,000 while the dollar takes the limelight. But the determination of the markets to be driven by the dollar rather than domestic factors may be waning after a trying fortnight. Investors are coming to accept that the dollar's weakness, deeply rooted in US economic trends, will defy quick fixes by governments or heavy intervention by central banks.

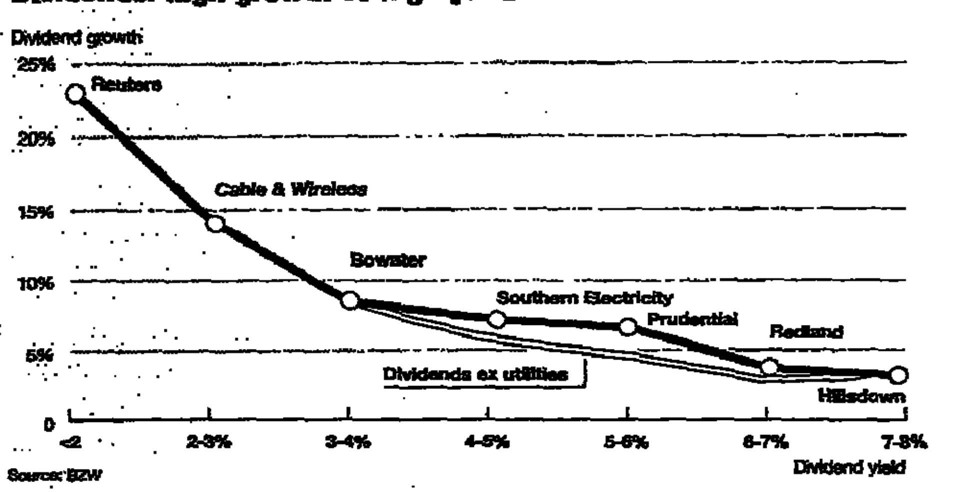
If authorities tried to ambush foreign exchange markets next week with a post-summit surprise, battle would be joined. But once the skirmish was over, investors would try to get back to domestic considerations.

"Markets have slowly come to realise that the world doesn't end if the dollar goes below Y100," says Tim Brown, UBS's chief UK market strategist. "The dollar may go a little lower but it will have no marked effect on markets."

There was little of domestic consequence for the markets to chew on this week. Economic growth is on track with industrial output rising 4.6 per cent in the three months to May from a year earlier. Inflation remains subdued. M0 might have risen by 6.8 per cent in June from a year earlier, but this rapid expansion of cash in the economy was explained away by factors ranging from changing bank technology to a thriving black economy.

With the flow of corporate news slowing for the summer, the equity market is already looking for inspiration to September's interim results season. A year ago, the interim results were worse than expected because the economy was failing to gather momentum. This time, there is greater confidence that the interim results will build on the strong earnings and dividend trends shown in this spring's full-year figures.

Dividends: high growth vs high yield



Source: BZW

Investors have tended to overlook one question in their general enthusiasm for generous dividend increases this year – which companies offer the best prospects for dividend growth?

BZW notes that interest rate changes have had a marked effect on the way the market prices dividend growth. When interest rates were high, as they were before the UK left the ERM, a large number of stocks offered high yields and the yield range was wide. As interest rates fell, the range of yields compressed and high yielding stocks performed strongly.

But with interest rising again since February, high yielding stocks have performed badly. Once again, the market is beginning to differentiate between the stocks depending on the prospects for the dividend growth.

Within the largest 200 stocks, there is still nearly 10 per cent of them which are likely to show zero or declining dividend growth over the next two years. "Strong dividend growth is a must for income stocks to combat this general de-rating," BZW says.

As the accompanying BZW chart shows, there is a wide range of companies offering yields of 4 per cent to 6 per cent coupled with an acceptably brisk rate of dividend growth. It recommends a number of such companies including Royal Insurance, Wellcome, Abbey National, Glaxo and Lloyds Bank.

Conversely, it identifies a number of high yield stocks offering little hope for higher payouts. These include Blue Circle Industries, MEPC, BICC, GKN and Redland.

Modest dividend growth was certainly one element in this week's results from GEC which disappointed the market. The full-year payout rose 5 per cent to 10.82p. Pre-tax profits were ahead only £3m to £866m while operating profits in its three main divisions – power systems, electronics and telecommunications – actually fell. Once again, it was GEC's famous cash mountain that flattered the bottom line with an increased contribution from interest receivable.

The disappointing results from the divisions were attributable to a wide range of influences and had been flagged at the interim stage. Nonetheless, the profit and dividend figures, coupled with a cautious trading statement, knocked the shares. They now stand at their lowest level; since December, 1992.

GEC also signalled the next small step in finding successors to Lord Weinstock, its managing director who turns 70 shortly. He said he hopes to continue in office for another couple of years. Meanwhile, the managing directors of the three main divisions are joining the group board to bring a more collegiate style.

The other big result of the week was year-end figures from Dixons the electrical goods retailer. Pre-tax profits before exceptional items were down slightly at £73.3m. After previously disclosed costs of closing down some Comet shops in the UK and selling its US operations, it ran up a loss of £238.5m. However, this masks the progress Dixons has made on its Comet and Dixons chains. The dividend for last year was raised to 6.6p.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	2962.4	+26.0	3520.3	2876.6	Steadier ahead of G7 meeting
FT-SE Mid 250 Index	3454.6	+38.8	4152.8	3363.4	Recovery stocks supported
BT	389½	+20½	486	353½	Robert Fleming Secs "buy" note
British Airways	419	+42	496½	367	Good June traffic figures
Coda	126	-96	268	126	Interim losses
Commercial Union	528	+21	711	488	Doubts over Victoire acquisition
Courtaulds	499	+20	580	467	Smith New Court recommendation
GEC	270½	-17½	353½	269½	Preliminaries disappoint
Kleinwort Benson	457	+24	693	424	BZW "buy" recommendation
Mirror Group	146	+23	203	123	Pick-up in advertising
RMC	897	+63	1079	805	"Buy" notes/bullish ind surveys
Royal Bank Scotland	410	-15	528	382½	Seller of 2.5% stake
Schroders	1180	+42	1460	1050	Wertheim Schroder acqn/BZW "buy"
Thorn EMI	1039	+36	1165	979	Demerger hopes
Vodafone	532	+33	637	473	Good quarterly subscriber figs

Serious Money

So many charges and so little time

Gillian O'Connor, personal finance editor

Disclosure of life insurance commissions next January will give fresh impetus to the investment revolution. Most people reckon that the guys in the tumbrils are the traditional life insurance companies. But that is where the consensus stops.

Talk to a unit trust salesman, and he argues that all insurance companies will lose large chunks of their investment-related business. Talk to an insurance man, and the losers will be the other insurance companies, particularly the smaller mutuals.

Talk to a mutual, and you get a spiel about their fine traditions. But every marketing department is working overtime to bring out new product blueprints.

The challenge for the life companies is to present unacceptably high costs in a palatable way. Initial costs on a typical life policy are around £600, while running costs nibble away at the investment proceeds thereafter. And most companies reward customers who stay the full term at the expense of early leavers.

A recent report from the Office of Fair Trading (*Weekend FT*, June 18) showed even the best companies do little more than give you your money back if you drop out after five years; the worst knock off up to 50 per cent. Many give you nothing if you leave after year one.

Spreading costs and investment returns more evenly – both over the duration of individual policies and between different policyholders – would look fairer. But dividing the cake differently cannot increase its size. Thus, those appetising payments to policyholders who hang on to maturity look set to fall.

So do total life insurance sales. And since the big banks are grabbing a larger market share, sales of several of the 101 different life insurance companies are likely to drop sharply. The question is – which ones? And the answer is of more than academic interest to customers.

Say, for example, that you have a policy with one of the smaller mutual life companies which are finding new business increasingly elusive. In a sensible world, the life fund would be closed to new business and the money paid out, gradually, to policyholders.

In practice, unless the directors all fall on their swords, the company is likely to stagger on for several years with its overheads eating steadily into the profits available for policyholders.

Yet, even if you suspect your company might be among the walking wounded, there is little you can do. Cashing in your policy prematurely to avoid a possible future reduction in pay-out merely ensures that you incur the certain penalties of early surrender.

Potential customers are in an altogether happier situation. If your choice of investments is getting wider by the day, it seems foolish to make major commitments now. Bide your time: there is little immediate cause to worry that stock markets will race away from you.

There are two sides to every revolution. Bank shares tumbled last week as analysts concluded that a lending rate war would hurt the lenders. Life insurance shares had fallen already. But the upheavals in the market may actually benefit customers. *Aux armes, citoyens!*

□□□

Should you try to pick your own unit trusts? The problem, as so often, is that you do not have access to the same information as the professional. One interesting point about Fund Research's approach to analysing funds (see page III) is that, although it is based on a quantitative initial screen, more than half the total score comes from qualitative appraisal.

True, the analysts collect large numbers of statistics: the basic portfolio spread, number of stocks, portfolio turnover, stock concentration, volatility, standard deviation. And most of these are available in the firm's Unit Trust Analysis Guide.

But the analysts themselves are more interested in the explanations for the numbers than the numbers themselves. They are like examiners who prefer essays to multiple choice tests: what matters is not the answer, but how you got there.

Armed with the guide, you should have a fair idea of which trusts to avoid. A couple of hours comparing trusts in the same sector will give you some useful yardsticks. If you then send off for the past few years' reports from interesting trusts, you will understand far more than most unitholders. But what you cannot do is quiz the managers.

One reason many private investors remain uninformed is that quality information is costly. The guide has an annual sub of £162 while John Cuthbert, another analyst whose research has been reported in the *Weekend FT*, is charging £175 for his study of Japan trusts (tel: 0742-339 618). Yet, neither is expensive if it helps you make better investments.

□□□

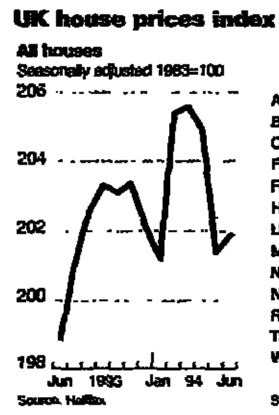
We call them home income plans. The Americans call them reverse mortgages. Both schemes allow elderly home-owners to mortgage their homes to supplement their income.

Now, though, *Barron's* reports from California that some retirees have found their home equity wiped out in five years; others are paying effective annual interest rates of 40 per cent. Different name, same story?

AT A GLANCE

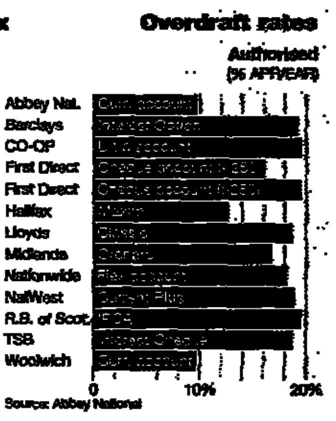
Finance and the Family Index

UK house prices index



Source: Halifax

Overdraft rates



Source: Abbey National

Building societies reduce forecasts on house prices

Any pick-up in the housing market appears to be extremely slow. Halifax reported an increase of 0.3 per cent in house prices in June compared with the previous month – the first increase after two monthly falls. Nationwide found that the average price of a home fell 0.7 per cent in June after reporting price rises in every month since February. Both societies reduced forecasts for price increases this year from 5 per cent to 2-3 per cent. **Page XVII**

Woolwich picks up the gauntlet

Woolwich took up the current account gauntlet thrown down last week by Abbey National, by cutting the annual percentage rate on authorised overdrafts to 9.8 per cent APR from 19.0 per cent APR. Last week, Abbey National reduced its APR on authorised overdrafts from 18.4 per cent to 9.9 per cent. Meanwhile, Midland Bank is hoping to entice dissatisfied customers from other banks by promising to pay £10 for each failure to meet set standards of service in transferring an account.

Public offer for 3i oversubscribed

The public offer for 3i, the venture capital investment trust, was modestly oversubscribed. Anyone who applied for 3,000 shares or less should receive the full amount, but above that level, applications have been scaled back by between 25 and 50 per cent. Share certificates will be despatched next Friday, and dealings start the following Monday. **See company news pages.**

Investors look outside Europe

Investors are continuing to look outside Europe for investment opportunities. The latest Japanese fund to be launched, the Schroder Japan Growth Fund, was marginally oversubscribed at £125m, indicating continued demand for channels into Japan. South Africa is also attracting interest, with two new unit trusts currently inviting subscriptions (see **page VII**). And fund managers are still enthusiastic about emerging markets generally. Guinness Flight is launching a global emerging markets fund as part of its SIB recognised, Guernsey-based Global Strategy Fund.

Smaller companies decline again

Smaller company shares declined very slightly this week. The Hoare Govett Smaller Companies Index (capital gains version) fell 0.15 per cent to 1607.33 over the week to July 7.

Next week's Finance and the Family

Before you throw away or file away your tax return, have a good look at it. Could you spot an error if there was one? Next week we provide a checklist to help you find out.

Wall Street

Jobs data keep interest rates on the boil

The Wall Street market ended a difficult, holiday-shortened week well aware that if the weakness of the dollar was not enough to prompt the Federal Reserve into raising interest rates, the surprisingly strong June employment report released yesterday might just do the trick.

The Labor Department's announcement that non-farm payrolls had risen by 379,000 last month, and that the national unemployment rate had remained steady at 6.0 per cent, stunned economists and sparked an immediate retreat in bond prices. Forecasters had been looking for a gain in payrolls of around 280,000, and for a rise in the unemployment rate to 6.2 per cent.

The data, which showed how Wall Street continues to under-estimate the strength of the economy, sent dealers in the Treasury market rushing to off-load bonds in the expectation that the Fed would be sufficiently concerned by the pace of growth in jobs to sanction another tightening in monetary policy.

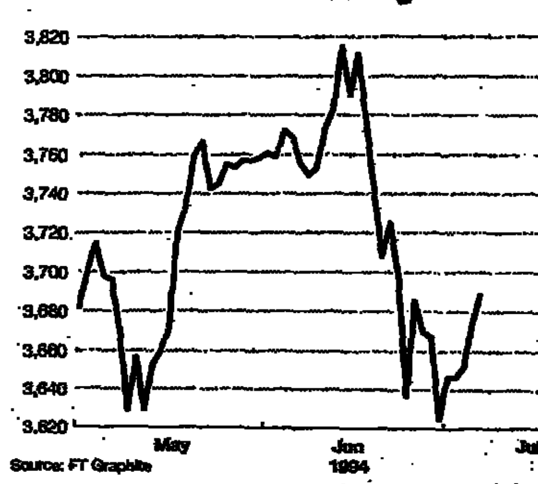
The selling of bonds pushed the yield on the benchmark 30-year government bond close to 7.7 per cent, its highest level since the bear market in Treasuries began earlier this year.

While the bond market expressed its unhappiness with the jobs figures, the reaction of the stock market was puzzling. After posting an immediate 15-point decline on the news, the Dow Jones Industrial Average rallied quickly, and by late morning was up almost 20 points. Other, secondary, indices also recovered from early weakness, although they failed to match the Dow's performance.

At first, analysts struggled to explain the stock market's insouciance, but it soon appeared that equity investors had latched on to a qualification in the June jobs data provided by the Bureau of Labor Statistics. In response to questioning from a congressman, a BLS official said about 100,000 of the increase in non-farm payrolls could be attributed to the June reporting period being spread over five weeks instead of the usual four.

Investors reassured themselves that if those 100,000 extra jobs were removed from the numbers, the increase in non-farm payrolls last month would have been bang in line with forecasts. This, however, was clutching at straws. Even taking into account the extra reporting week in June, the breakdown of the employment data still pointed to a rapidly-expanding labour market.

Dow Jones Industrial Average



Source: FT Graphite

The BLS also revised upwards its estimate of growth in May non-farm payrolls, from 191,000 to 252,000.

From almost every angle, "the numbers were extremely, extremely strong for the economy", said an analyst at Daiwa Securities in New York. Strong enough, at least, to convince many analysts that the Fed would raise interest rates next week to slow down an economy that may now have grown by as much as 4.5 per cent or 5 per cent in the second quarter. So, why did the stock market – which normally turns tail at the first hint of higher interest rates – rise after the jobs data were released?

Well, any evidence of economic growth is, traditionally, good news for stocks because it means higher earnings for public companies, especially those with profits tied closely to the economic cycle. This explains why the shares of companies like Caterpillar, International Paper, and General Motors were all up handily yesterday.

Cyclicals, in fact, were in demand all week, outpacing every other sector in the market. Investors' renewed interest in cyclicals was the result of a shift in sentiment about second-quarter earnings. Last month, the perception in the market was that the expected slowdown in the economy during the quarter would produce disappointing corporate earnings for the period.

Yet, recent evidence that the economy was stronger between April and June than widely-realised persuaded many investors that second-quarter earnings might not be so bad after all. So, but still playing it safe, they moved back into cyclicals, providing the Dow with a lift this week that other indices, such as the Standard & Poor's 500, the American Stock Exchange composite and the Nasdaq composite, were unable to enjoy.

Next week, however, investors may come to regret their enthusiasm for cyclicals. The June inflation figures will be released on Tuesday and Wednesday – and it is possible that the only reason the Fed refrained from raising rates this week was that policy-makers did not want to make a move until they saw the June producer and consumer prices data.

If there is any hint of a resurgence in inflation, it is likely the central bank – with the week dollar and the strong jobs market fresh in its mind – will again push the "higher interest rates" button.

Patrick Harverson

Monday	Closed
Tuesday	3652.48 + 05.83
Wednesday	3674.50 + 22.02
Thursday	3688.42 + 13.92
Friday	

Bottom Line

Bank shares – 'don't panic'

Abbey National and Midland Bank have fired some warning shots at their competitors in retail banking over the last couple of weeks, and shares in UK banks have been looking slightly wounded.

Despite the advancing gunfire, however, the message for investors seems to be "don't panic". It is hard to find an analyst who does not think the market has been "oversensitive".

Bank shares first fell sharply at the end of last month after Abbey, the former building society turned bank, said that it was reducing the annual percentage rate (APR) on overdrafts from 18.4 per cent to 9.9 per cent.

Another front was opened by Midland last Tuesday, when it launched a campaign aimed explicitly at overcoming the inertia in the personal financial market and attracting customers from other banks.

And on Wednesday, the government announced that building societies would be given new powers to enable them to compete more effectively.

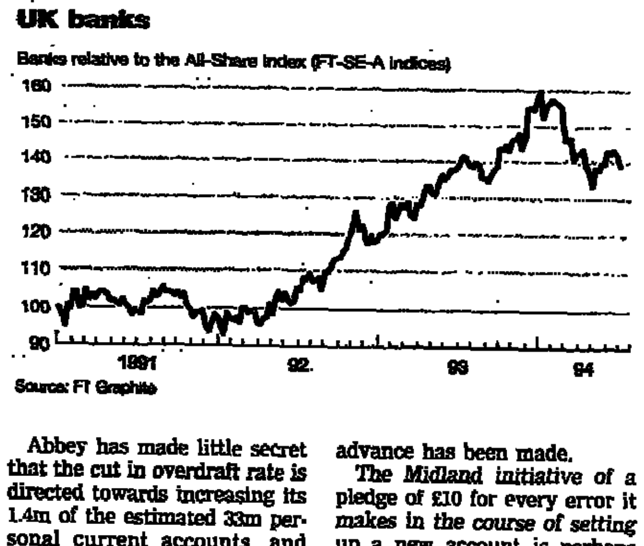
Fears that these are the first signs that banks will use – or will have to use – the capital they have started to accumulate to compete for business on price have caused the bank sector to underperform the FT All-share price index by more than 2 per cent since late June.

Shares in National Westminster Bank fell from 456p on 29 June to 435p on Thursday. Over the same time, TSB shares fell 12p to 198p, Barclays shares fell 6p to 529p, and Lloyds Bank shares lost 1p to 538p.

Even the aggressors have not remained unscathed: HSBC Holdings, which owns Midland, fell from 702p to 692p while Abbey dropped from 406p to 393p.

But fears of an all-out price war seem exaggerated, as the moves by Abbey and Midland may in practice amount to no more than marketing skirmishes.

UK banks



Source: FT Graphite

Abbey has made little secret that the cut in overdraft rate is directed towards increasing its 1.4m of the estimated 33m personal current accounts, and some analysts doubt that the 10 per cent overdraft will remain a lasting feature of retail banking once some advance has been made.

The Midland initiative of a pledge of £10 for every error it makes in the course of setting up a new account is perhaps even an encouraging sign for the banks in terms of the direction competition may take. As Peter Toeman, banking analyst at Hoare Govett, put it: "Competition on service quality is much more lenient than competition on price".

He points out that the barriers to moving current accounts remain quite high, and that the number of those who change accounts in any one year could double to 1m and still represent only 3 per cent of the customer base.

Competition on price is unlikely to be structural and more likely to take the form of temporary, special offers – perhaps on personal loan rates or credit cards.

Even if banks did feel obliged to cut margins on core services to personal customers, they are aware of ways of cushioning the blow.

During 1989, for example, when Abbey National and Nationwide building society forced the sector towards giving interest on current accounts, the banks responded by introducing a new product into which existing customers could transfer.

This not only spread the cost over time but meant they also obtained more information about their customers.

Despite Midland, the continuing reluctance of personal customers to change banks makes competition weak, leading analysts to believe that banks will be able to avoid substantial cuts in their wide margins on most retail business.

Instead, they believe that retail margins can afford to fall slightly without damaging the banks' business, because they will be reflecting realistically the lower costs of lending in a less risky environment.

As Hugh Pye, banking analyst at BZW, put it: "Margins are incredibly fat, and likely to remain so." Good news for those who invest in banks – less good news for them in their capacity as customers.

Alison Smith

Trusts with real appeal

Gillian O'Connor discovers how a professional analyst picks them

Picking unit trusts often seems harder than picking individual shares – perhaps not surprising, as there are more than 1,500 authorised UK trusts to choose from. Fund Research analyses trusts for professional financial advisers. We asked managing director Peter Jeffreys how he picks the good ones.

Question. What percentage of unit trust funds do worse than the market?

Answer. At least three-quarters of all funds normally do worse than the FT-SE-A All-Share index.

Q. How useful are historic performance tables in picking future top performers?

A. Only one in five of the funds in the top quarter of a five-year league table are likely to remain in the top quarter over the next five years. For my money, that's not good enough.

Q. Is there an alternative selection method?

A. We use a combination of quantitative analysis and qualitative appraisal. Only 15 per cent of funds pass the initial statistical screening. This breaks the five-year periods down into five separate one-year periods in order to find the funds which do consistently well.

If you give each of those one-year periods an equal weighting in your analysis (as we do in our retail guide*), you improve the odds. That gives you a one in three chance of picking a fund which will be in the top quarter in future.

Our actual selection method is weighted towards the last three years. To get through our screen, a fund has to have an average percentile of 37.5 or better, with the later years counting more.

Q. Once a fund gets through the initial screen, what then?

A. We divide funds into A, AA and AAA. The statistical analysis accounts for 40 per cent of the overall rating. Our assessment of the fund manager carries 30 per cent. The fund management group and team account for the remainder.

Q. What are you trying to find out about the manager?

A. First and foremost, whether it was luck or judgment that produced the good performance. Was it produced responsibly? Was it produced by a high-risk strategy or a low-risk strategy? What types of company was he buying and what was his buying like?

Has he done serious research – either himself, or using his house analysts or stockbrokers' analysts? Has he satisfied himself of the security of the company he is buying before he buys it – or is he just buying on the basis that it looks good and the story sounds good?

But the manager is only part of the management group. We also look at the resources, disciplines and the investment process. Is it a disciplined process or ad hoc? If, in two or three weeks' time, somebody says to him: 'Why did you buy that', will he know?

Q. You prefer a disciplined process?

A. We find it works best. There will be a structure – a top down process. Currency, politics, economics, what impact that has on the economy, on sectors and the types of companies which will do well.

Q. But I thought that Fidelity, for instance, tended to work from the bottom up: identify a company and then try to find reasons why you are allowed to buy it.

A. Yes indeed, and Templeton's the same. Mark Mobius, their emerging markets specialist, is rigorous in his defence of the bottom up approach. We have run numbers over a full market cycle of top down versus bottom up, and find that each tends to do better in one part of the cycle. The bottom up approach does better at the end of the cycle.

Q. So, should investors switch from one fund manager to another as the cycle progresses?

A. If the investor has got the ability to detect when in the market cycle it is right to make that kind of switch. But we encourage investors to take a long-term view and back a particular approach for the full cycle.

Peter Jeffreys: 'We encourage investors to take a long-term view'

Q. And do you prefer fund managers to take a long-term view, too, or can they act as traders?

A. In 25 years in the business, I have not met any consistently successful traders. So, I am a little suspicious of trading activity for the sake of trading activity. But there are certainly times in the market cycle when it is appropriate. Say, at the extremes of the market cycle.

But remember, it is possible for someone to invest for the long term and still end up with a portfolio turnover of 100 or 200 per cent because things happened more quickly than he expected and he had to respond to events.

That's quite understandable, particularly in the current market environment where you've got massive volatility, a lot of it now induced by derivatives and by people who are not really investors.

Q. Soros & co?

A. No, they are investors. But there are a lot of people on the fringes who are going in with very sophisticated quantitative models to exploit anomalies created by investors.

Q. Does unusually high turnover normally produce a poor performance?

A. We've done some work on that, and it showed very little correlation between high turnover and poor performance.

Q. How does the size of a fund affect its performance?

A. A fund has to have critical mass. It doesn't matter how good the fund manager is, if you've got a 9 or 10 per cent expense ratio against you every year, it quickly moves you down the performance scale.

But the paradox is that, at the other end of the scale, a fund can get too big so that it ceases to perform well. Take Fidelity's Magellan fund in America, now worth $30bn. Its performance now is not what it was in 1980 when it was a $200m fund.

Q. So, what size will allow a fund to perform well?

A. Where a fund manager has reasonable flexibility to trade, whatever he decides is his unit of size. Say it's a £300m fund and he wants to invest in units of, say, 2 per cent: ie, 50 holdings of £6m apiece. He needs to be aware of how long it will take him to buy – or sell – that unit. Obviously, if it's a blue chip stock, it's going to be easy; but if it's a mid-cap stock, it might take him a bit of time.

But size as such doesn't frighten us. Look at Perpetual or Schroders, both of which have seen massive increases in funds under management over the past two to three years. We feel comfortable about both. What we ask ourselves is whether the fund's size is now such that it can't replicate its past performance.

Q. So, are you saying that it is hard to perform at either £5m or £1bn.

A. Actually, at £5m you can get some good performances. But when we see a £5m fund with a good performance, we ask ourselves how much of that superior performance is due to the smallness of the fund. Was it being piggy-backed by bigger funds in the group? Were all the new issues being poured into this fund?

Q. Are there any pointers the investor can usefully consider when looking at new launches? The fund management group or the fund manager himself, for instance?

A. Definitely. Has the fund manager got relevant experience. Is he a greenhorn straight out of university or the analysts' department?

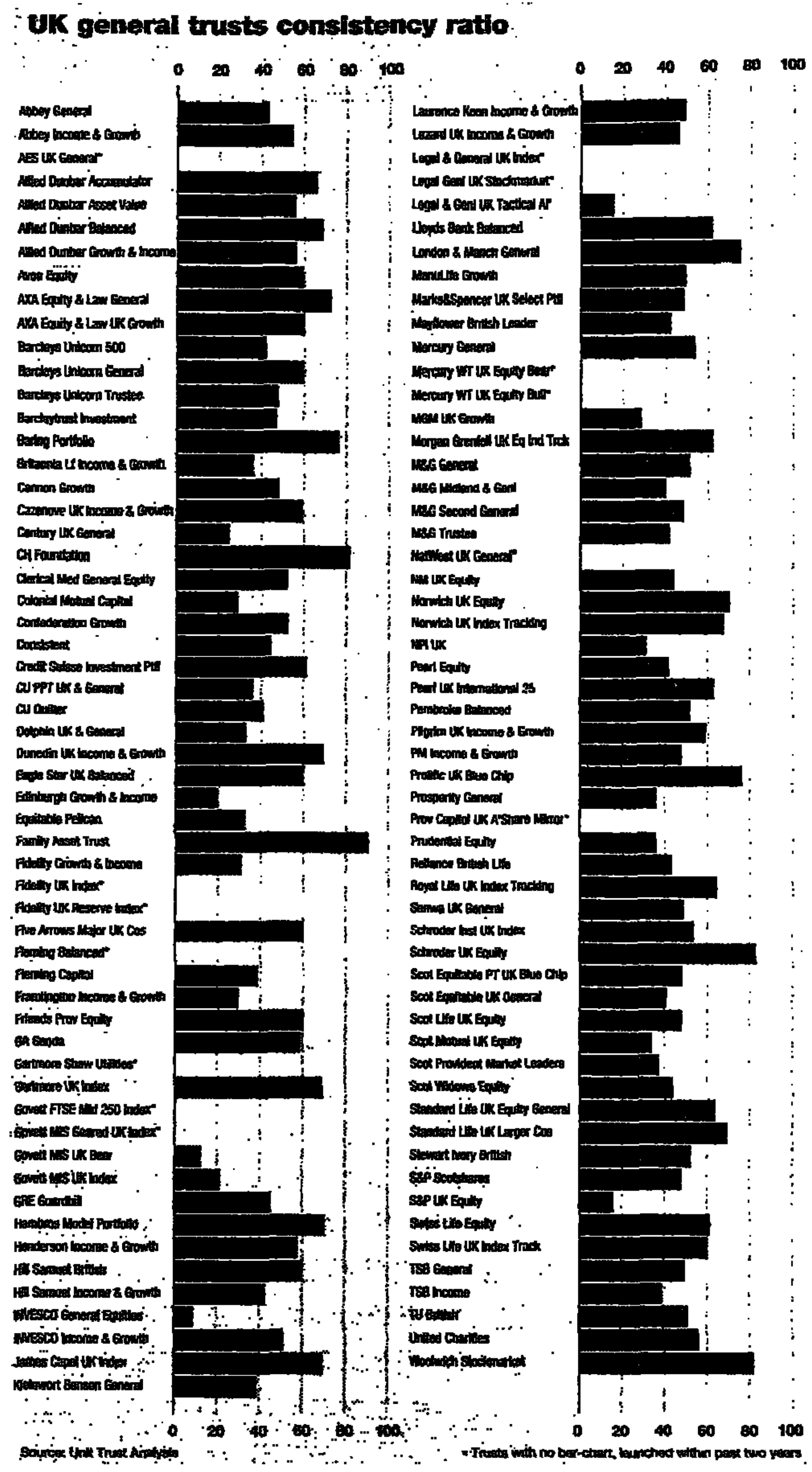
One of the times to watch out is when a particular segment of the stock market suddenly becomes fashionable. And a group with no previous expertise in that field decides it has to launch a fund, and it doesn't matter who manages it. That doesn't always work! Emerging markets have been a classic over the past few years.

Q. What are the signs of a bad fund manager?

A. Someone without discipline, and without a thorough investment process. Anybody who has not read Galbraith's *The Great Crash*.

**The Unit Trust Analysis Guide, £162 a year. Telephone 071-404 4233*

■ In the chart, the higher the consistency ratio, the better the fund's performance as measured by its consistency relative to its competitors.



FINANCE AND THE FAMILY

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Amersham Intl.	Hlth	56,000	512	2*
Aukett Associates	Prop	80,000	23	2
Bluebird Toys	L&Hl	305,000	613	1
Carpetright	RetG	50,000	123	1
Corporate Services	SSer	400,000	206	1
Grainger Trust	Prop	15,500	44	1
Headlam Group	Dist	25,000	47	1
Independent Insur.	Insu	17,000	42	1
London & Assoc LT	Prop	100,000	36	1
MacDonald Martin	SW&C	95,000	694	1 B
Newmarket Ven. Cap.	InvT	30,000	16	1
Rights & Issues	InvT	9,750	21	1
Sturge Holdings	Insu	20,000	10	1
Tesco	RetF	9,750	22	1
Warner Estates	Prop	40,000	92	1
Yorklyde	Text	20,000	50	1
PURCHASES				
Bellway	BCon	30,000	60	1
Berkeley Group	BCon	10,000	40	1
Boustead	EngV	225,000	64	1
Brammer	Dist	5,000	17	1
Chillington Corp.	OS&B	34,000	17	2
Control Techniques	E&EE	20,000	82	1
Cookson Group	Divl	65,891	196	1
Drayton Korea Trust	InvT	7,000	10	1
EFT Group	OthF	35,000	18	2
Enviromed	Hlth	47,000	49	7
Eurotunnel	Tran	15,000	43	1
Filofax	OS&B	30,000	59	1
Kalsey Industries	Eng	8,174	20	1
Life Sciences Intl.	Hlth	15,000	20	1
Mirror Group	Mdia	10,000	13	1
N'umbrian Fine Fds.	FdMa	1,200,000	120	3
NSM	Extn	10,000	10	1
Scot. Mortgage Tr.	InvT	18,000	38	1
Sears	RetG	10,000	11	1
Smith New Court	OthF	15,914	57	5
Tadpole Technology	E&EE	5,000	15	1
TGI Group	E&EE	31,004	24	4
Trio Holdings	OthF	100,000	25	1
United Newspapers	Mdia	5,000	25	1
Value & Income Tr.	InvT	138,174	153	2
Volex Group	E&EE	3,750	15	2

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 27 June - 1 July 1994.

Source: Directus Ltd, The Inside Track, Edinburgh

Directors' transactions

The mood set last week in terms of a toiling market and enthusiastic buying by company directors has continued.

An increase in selling, however, may be explained in part by the desire of directors to *dispose of – or, at least, lighten* their exposure to – their company's shares before the market weakens their price as a part of its overall mark-down.

☐ *Bluebird Toys* is a company where the directors appear to be behaving in anticipation of the market. The share price has outperformed the market by 200 per cent over the past 12 months. Torquil Norman, the *chairman, has taken the opportunity* afforded by the pre-closed period to sell 305,000 shares at 201p.

His residual holding accounts for almost 7 per cent of the company, and his statement at the time final results were announced was resolutely up-beat.

☐ In much the same vein, selling by David MacDonald, non-*executive director of distillers* group MacDonald Martin, follows a period of outperformance by the shares. His holding of "A" shares has been considerably reduced, *but he still* holds more than 900,000 "B" shares.

☐ TGI makes small loud-speakers for cars, as well as marketing other consumer electronic products. The revival of for*tunes for the car industry has* led to a knock-on improvement at TGI, and four directors bought some of their own stock during the week at 76.5p a share.

While the total transaction was not large, directors' buying in the past has been spot-on in terms of timing. Thus, the present activity would seem to be particularly *noteworthy.*

Vivien MacDonald,
The Inside Track

When investors just have to pay

It's decision time at Kleinwort, says ***Bethan Hutton***

Decision time is approaching rapidly for holders of shares in the Kleinwort European Privatisation investment trust. The second 50p instalment is due on August 1 but the shares start trading as fully-paid from July 18. So, anyone selling after this date will have to stump up the extra 50p in any case.

The basic choice for shareholders is between paying the instalment and keeping the *shares in the hope* the lost ground will be regained, or cutting losses and selling up before the extra cash is due.

Both strategies have their *price: the former carries* the 50p a share cost while the latter involves waving goodbye to the 36 per cent of your original investment lost since the trust was launched. Investors initially bought packages at 250p, including five half-paid shares and one warrant. The same package is now worth about 159p.

Your choice should depend on your long-term *view of the* fund's prospects, but the one option not recommended is complete inaction. That way, you could forfeit your shares altogether.

An alternative strategy if you cannot afford (or are not willing) to pay the cash call, but still believe in the fund's investment strategy, would be to sell the shares but keep the warrants, which were issued "free" in the initial offer. They have traded as high as 49p, just after the fund was launched, but are now down to 25.5p.

Each warrant allows you to subscribe for one share at 100p on January 31 in any of the years between 1995 and 2006. When the actual share price rises above 100p, the warrants' intrinsic worth leaps up.

Investors can either exercise the warrants when the time is ripe or sell them in the open market. By retaining just the warrants, your level of immediate exposure to the fund is low, but you keep a highly-geared stake in its capital growth.

The huge quantities of money attracted by the fund's *first instalment have* taken some time to place in European markets, but it is now 98.5 per cent invested. At end-June, the main holdings were *in France* (24 per cent), Germany (21), the UK (18) and Scandinavia (15). By sector, the greatest weighting is in utilities, with 23.3 per cent. Finan*cials account for 20.3 per cent,* followed by telecommunications (14.5) and capital goods and basic industry (10.1 each).

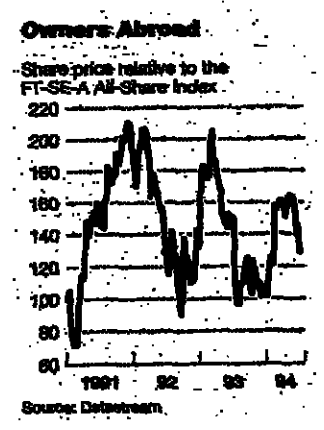
The largest single holding is in *KPN, the recently privatised* Dutch posts and telecoms group, with 4.5 per cent, followed by the Danish Teledanmark and Austria's VA Technology, *each with 3.7 per cent.*

The week ahead

Tomkins, the industrial conglomerate, reports annual figures on Monday which may finally silence the critics of its £990m takeover of Ranks Hovis *McDougall in December 1992.* Analysts expect the food group to have contributed profits of around £100m despite the pressure on UK grocery prices. For the group as a whole, forecasts range from £255m to £265m, up *from £171m.*

☐ Improved margins in North America and signs of increased volumes in continental Europe are expected on Monday to lift *Low & Bonar's interim pre-tax* profits for the six months to May 31 by about 22 per cent to £17.5m. The international packaging and materials group has shed non-core businesses and shored up its mainstream activities with acquisitions such as Cereal Packaging, the former Kellogg company.

☐ Owners Abroad, the package holiday company, is expected *on Wednesday to announce* a first-half pre-tax loss of about £35m, compared with £38.6m last time. There is nothing alarming about a first-half deficit for a holiday company, though. More important will be the management's assessment of the summer market and the prospects of a price war.



☐ HP Bulmer, the Hereford-based cider-maker which is withdrawing from the soft drinks market, is expected to report operating profits rising from £19.6m to £21.5m on Wednesday. But the pre-tax profits are likely to be around £4m following exceptional charges for re-structuring.

☐ *Cray Electronics Holdings,* the data communications and software systems group, is expected on Wednesday to report annual pre-tax profits of £25.5m. This compares with £29m in 1992-93 when exceptional items included £12.6m from selling Malvern Instruments.

☐ Great Universal Stores, the *mail-order*, retail, *financial* services and property group, which last year enfranchised its shareholders, is expected to report a 46th year of uninterrupted growth on Thursday. Pre-tax profits are forecast at £510m for the year to end-March, ahead from £475m.

☐ The Rank Organisation, which announces first-half results on Thursday, is expec*ted to reveal profits before* exceptional charges of between £111m and £115m. The exceptional charges of £112m relate to US video distribution closure costs and Rank's share of the re-structuring of Rank Xerox.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Aberforth Split Level Trust	InTr	Wednesday	-	-	-
Barbour Index	Med	Thursday	2.55	5.45	2.7
Birse	B&C	Tuesday	-	-	-
Bromsgrove Industries	Eng	Monday	1.65	2.75	1.65
Bulmer (HP)	SW&C	Wednesday	3.75	6.4	4.0
Colorvision	ReGn	Wednesday	2.5	8.1	2.5
Cook (D C)	Dist	Monday	-	0.6	0.3
Cray Electronics Hldgs	E&EE	Wednesday	0.5	1.0	0.75
Drew Scientific	HlthC	Monday	-	-	-
Druck Holdings	E&EE	Thursday	3.4	6.6	3.7
EFM Japan Trust	InTr	Thursday	-	0.4	-
Electron House	Dist	Tuesday	1.05	1.65	1.2
Ellis & Everard	Dist	Monday	2.25	4.8	2.45
Equity Consort Invest.Trust	InTr	Tuesday	11.06	13.5	11.06
Fleming Geared Income & Asset	InTr	Thursday	4.83	-	0.75
Fleming Intl High Inc	InTr	Wednesday	1.0	2.567	1.0
Gt Universal Stores	ReGn	Thursday	13.75	30.25	4.0
Hamlet Group	Text	Monday	-	-	-
Hampson Industries	Eng	Thursday	0.4	1.2	0.5
Helton Holdings	BdMa	Thursday	-	-	-
Investment Company	OtFn	Friday	0.5	1.0	0.5
Jacques Vert	Text	Tuesday	1.0	2.0	1.5
Jones Stroud	Text	Thursday	3.3	5.5	3.5
Malvern UK Index Tst	InTr	Wednesday	2.07	1.7	2.3
Moorgate Investment Trust	InTr	Friday	1.7	3.8	1.7
PSIT	Prop	Wednesday	1.5	2.625	1.75
Peel	Prop	Thursday	1.0	3.0	1.3
Pelican Group	LeH	Thursday	-	1.1	-
Prism Leisure Corp	LeH	Thursday	0.9	2.37	1.15
Real Time Control	SupS	Tuesday	-	3.0	-
Rexmore	Text	Tuesday	0.7	1.05	1.0
Savills	Prop	Tuesday	-	1.0	0.75
Secure Retirement	Newl	Wednesday	-	-	-
Shield Diagnostics	HlthC	Monday	-	-	-
Stanley Leisure Org	LeH	Thursday	1.52	2.8	1.75
Stewart & Wight	Prop	Thursday	-	136.0	-
Tamaris	Hlth	Monday	-	-	-
Tams (John)	HseG	Tuesday	1.59	2.41	1.6
Tomkins	Divl	Monday	1.90	4.54	2.08
Trifast	n/a	Wednesday	-	-	-
Triplex Lloyd	Eng	Tuesday	2.5	4.5	2.5
Wood (John D)	Prop	Tuesday	-	-	0.75
INTERIM DIVIDENDS					
Aberforth Smaller Companies	InTr	Friday	2.1	2.5	-
Amicable Smaller Ent.Trust	InTr	Friday	1.7	1.7	-
Automated Security	SpSv	Friday	3.05	-	-
BWD Securities	OtF	Wednesday	1.5	2.5	-
Barr (AG)	FdMa	Monday	1.75	4.75	-
Emerald Energy	Oil	Monday	-	-	-
First Philippine Inv	InTr	Monday	-	0.2	-
Fleming American Inv Tst	InTr	Thursday	0.65	0.65	-
Gartmore British Inc.& Gth.	InTr	Monday	-	-	-
General Consolidated Inv.Tst.	InTr	Tuesday	-	-	-
Kershaw (A) & Sons	E&EE	Thursday	9.0	18.0	-
Low & Bonar	PP&P	Monday	2.9	7.1	-
Merchants Trust	InTr	Monday‡‡	2.85	2.85	-
Olim Convertible Trust	InTr	Thursday‡‡	4.3	4.6	-
Owners Abroad Grp	LeH	Wednesday	1.4	2.1	-
Rank Organisation	L&H	Thursday	10.25	20.75	-
St Modwen Properties	Prop	Tuesday	0.5	0.7	-
Throgmorton Trust	InTr	Thursday	0.9	1.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ‡‡ 1st quarterly. ♦ 2nd quarterly. ★ 3rd Quarterly

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Bredero Props.	10*	10¼	16	3.70	Slough Estates
Chiltern Radio	242*	278	205	16.90	CLT
Davenport Vernon	167	156	113	32.30	Evans Halshaw
Great Southern	600*	620	475	71.11	Service Corp Int
Do. Prf.	239*	236	180	16.29	Service Corp Int
Jessups	123¾	123	98	12.01	BSG
Llorand ‡	208	206	133	25.35	McKechnie
NMC ‡	159§§	155	159	113.00	Britton
Spear (J.W)	1100*§	740	740	46.90	Hasbro
Spear (J.W.)	1000*	740	740	52.00	Mattel
Towles	265*	271	243	4.22	London City
Trans World	181	170	173	70.60	EMAP

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 8/7/94. §§Shares and cash.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Assoc Nursing	Hlth	Mar	2,320	(1,580)	17.5	(14.3)	2.0	(1.0)
Bell AH	B&C	Mar	405 L	(406 L)	-	(-)	1.0	(3.2)
Bespak	Hlth	Apr	7,100	(11,500)	19.0	(31.9)	10.2	(10.0)
Biddy	Prop	Mar	3,300	(1,100)	11.6	(-)	6.0	(5.5)
Bogod Group	Dist	Mar♦	242	(232)	2.92	(2.58)	0.7	(0.7)
Border TV	Med	Apr	1,640	(1,250)	12.0	(8.3)	4.0	(3.3)
British Bloodstock	OtSv	Mar	124	(36 L)	2.7	(-)	-	(-)
Budgens	ReFd	May	5,400	(8,200)	2.8	(8.4)	1.0	(1.0)
Burtonwood Brewery	Brew	Mar	3,070	(2,770)	9.9	(8.5)	5.0	(4.86)
Carclo Eng	Eng	Mar	12,900	(9,600)	15.7	(14.6)	9.1	(8.8)
Court Cavendish	Hlth	Apr	3,090	(194)	15.0	(4.2)	4.0	(-)
Dares Inv Tst	InTr	May	731	(749)	7.98	(7.8)	7.95	(7.95)
Dixons Group	ReGn	Apr	73,300	(76,700)	11.6	(9.8)	6.6	(6.2)
Donelon Tyson	B&C	May	2,570 L	(345)	3.2	(0.9)	-	(-)
Dudley Jenkins	SpSv	Apr	903	(779)	5.01	(4.53)	3.255	(3.1)
European Motor	Dist	Mar	5,150	(3,440)	9.6	(7.3)	4.25	(3.5)
Evans of Leeds	Prop	Mar	9,740	(8,800)	5.72	(5.69)	2.55	(2.295)
Farepak	ReFd	Apr	8,080	(4,960)	17.58	(14.42)	8.9	(5.76)
GEC	E&EE	Mar	866,000	(683,000)	19.8	(19.7)	10.82	(10.3)
Gibbon Lyons	Chem	Mar	1,700	(990)	10.9	(4.7)	5.5	(5.0)
Gold Greenlees	Med	Apr	3,100	(4,300)	8.77	(15.63)	5.3	(8.3)
Greene King	Brew	May	20,400	(17,300)	35.9	(35.6)	12.9	(12.3)
Heath Samuel	BdMa	Mar	520	(361)	11.9	(8.5)	6.0	(5.5)
Howden Group	Eng	Apr	27,600	(16,500)	6.7	(6.0)	2.43	(2.2)
Jones & Shipman	Eng	Mar	2,820 L	(1,640 L)	-	(-)	-	(-)
Jurys Hotel Grp	LeH	Apr‡‡	3,720	(2,320)	11.1	(7.2)	5.15	(5.0)
Learmonth & Burchett	SpSv	Apr	746 L	(1,610)	-	(7.9)	-	(0.75)
MFI Furniture	ReGn	Apr	87,800	(15,500)	10.0	(2.3)	4.0	(3.75)
Menzies John	ReGn	Apr	34,400	(30,700)	40.7	(35.3)	11.8	(10.8)
Morris Ashby	Eng	Mar	1,820	(1,500)	13.6	(13.5)	6.0	(5.4)
Neepsend	Eng	Mar	761	(99 L)	2.12	(-)	1.25	(0.75)
Northamber	Dist	Apr	689	(973 L)	3.1	(-)	0.8	(0.8)
OMI International	Eng	Mar	100 L	(5,000 L)	0.1	(-)	1.75	(1.75)
Phonelink	Med	Mar	1,760 L	(80)	-	(0.1)	-	(-)
Pielgrum	OtSv	Mar	212	(453)	1.09	(1.83)	0.53	(0.5)
St James Beach Hotel	n/a	Mar	1,670	(-)	8.22	(-)	-	(-)
Reg Vardy	Dist	Apr	8,400	(4,380)	12.9	(7.1)	4.6	(4.2)
Scottish & Newcastle	Brew	May	222,000	(182,500)	34.2	(30.3)	17.04	(16.22)
Sims Food Grp	FdMa	Mar	103	(586 L)	-	(-)	7.5	(7.5)
Sterling Publishing	Med	Mar	7,000	(5,300)	10.0	(7.8)	3.6	(3.0)
TBI	n/a	Mar	22,500	(69,800 L)	18.42	(-)	-	(-)
TR Technology	InTr	Apr	5,080	(4,360)	3.71	(2.7)	2.75	(1.75)
Taunton Cider	SW&C	Apr	20,300	(17,600)	13.1	(12.2)	6.8	(6.0)
Vendome	ReGn	Mar	196,100	(190,400)	0.219	(0.204)	6.94	(-)
Vibroplant	B&C	Mar	2,800	(1,900)	3.78	(2.66)	3.8	(2.5)
Wilshaw	BdMa	Mar	3,250	(2,130)	2.4	(1.6)	0.6	(0.5)
Worthington	Text	Mar	1,180	(852)	4.6	(3.0)	1.9	(1.6)
Yorkshire Elec	Elec	Mar	149,000	(166,300)	51.5	(53.7)	23.46	(20.42)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Caldwell Invs	Text	Apr	148	(176)	0.3857	(0.3857)
Coda Group	n/a	Apr	2,550 L	(427)	0.5	(-)
Crest Nicholson	B&C	Apr	3,010	(8,940 L)	0.60	(-)
Dwyer Estates	Prop	Mar	378	(729 L)	-	(-)
Fyffes	ReFd	Apr‡‡	14,190	(14,130)	0.4295	(-)
Gardiner Grp	Dist	Apr	1,930	(2,300)	0.25	(0.23)
ICC Bank	Bank	Apr‡‡	5,500	(5,140)	6.0	(-)
Inveresk	PP&P	Jun	4,490	(4,520)	1.84	(-)
Microgen Hldgs	SpSv	Apr	3,440	(3,760)	2.2	(2.2)
P&P	SpSv	May	2,700	(2,000)	0.95	(0.8)
Partridge Fine Art	ReGn	Apr	1,560	(1,050)	1.4	(1.2)
Securicor Grp	Tele	Mar	37,000	(29,000)	0.805	(0.732)
Sharl Group	Text	Apr★	1,710	(1,340)	3.0	(1.6)
St David's Inv Tst	InTr	May†	251	(237)	9.0	(9.0)
Torex Hire	B&C	Apr	123	(199 L)	0.3	(-)
Waterhouse Group	BdMa	Mar	201 L	(51 L)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Net asset value per share. ‡‡ Irish Punts and pence. ♦ US Dollars and Cents. ✱ 10 month figures. ♦ On A shares. ★ 9 month figures.

RIGHTS ISSUES

Everton is to raise £3.75m via a 1 - 1 rights issue @ £4,000

Surrey Group is to issue 92.7m shares via a 1 - 2 rights issue and a placing of a further 85.7m shares both a 1½p.

Lincoln House is to issue 12.4m placing shares and 10.69m offer shares on a 2 - 5 basis @ 38p.

P & P is to raise £6.6m via a 1 - 4 rights issue @ 80p.

Prestwick is to raise £4.5m via a 4 - 5 rights issue @ 24p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Coal Investments is to raise 27.9m via a placing of 11.67m shares @ 65p.

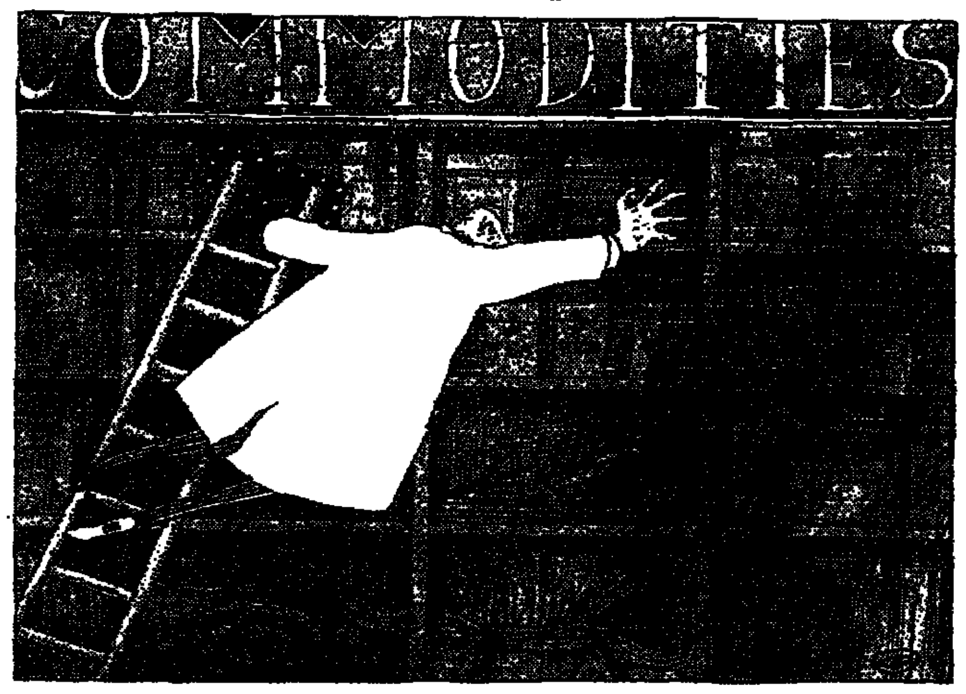
Storm Group is to raise £2.3m via a placing and open offer.

FINANCE AND THE FAMILY

Commodities

Back to the futures

***Deborah Hargreaves** looks at investment prospects as markets rise*



Prices of coffee futures have more than doubled since the start of the year as world supplies have become tight. The increase has been followed by other markets – such as base metals, cocoa and even cotton – as commodity prices improve in line with the world economic recovery.

Peter Swete, managing director of Sabre fund managers – which launched a commodity investment fund this week – says: "It's a good time to invest in commodities because they are very, very cheap compared with any other asset. Over the next two to three years, we could see the markets go up substantially."

The last time coffee prices soared, late in the 1970s, consumers stockpiled supplies to beat price increases. There are, however, other ways commodity investors can benefit from rising markets, depending on their capacity to take on risk.

Probably the riskiest is to become involved directly in futures trading. This, though, is only for the most sophisticated and wealthy investors who can afford to lose money if things go wrong. GNI, a London brokerage firm which takes on a number of private clients, usually demands they have a minimum $20,000 available as risk capital.

Commodities trading should be seen as a way to diversify a traditional portfolio with holdings of equities, bonds and foreign exchange – not as a way to make easy profits on a core investment. Advisers say individuals should not put much more than 5 per cent of their investment capital into commodities.

Investors can buy a large market exposure with a small down-payment in the futures business, but prices can be fast-moving and volatile. GNI's Nigel Avey says: "If someone is not 100 per cent sure that they want an active dealing relationship with the firm – that is, with a broker who wants instructions on a daily basis – we would steer them away from futures trading."

Two indices, both of which trade as futures contracts, offer a way to play on a wide range of commodities by investing in one product. The Goldman Sachs commodity index and the Commodity Research Bureau index both provide a spread of risk across the markets.

But a much "safer" and traditional investment method has been through putting money into such natural resource companies as those in mining and oil.

Many retail brokerage firms offer commodity and energy unit trusts or investment funds, such as the M&G Commodity and General unit trust which has attracted £28m. Such investments can provide some of the potential gains from rising commodity prices without the huge swings associated with the futures market.

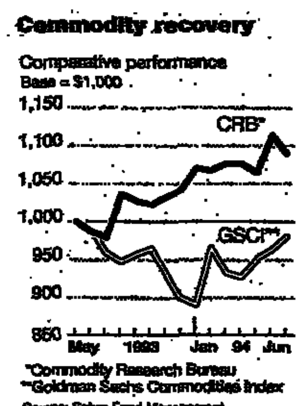
But investors who want direct exposure to commodities, with some of the up-side offered by futures, can go for a managed futures fund. These have become very popular in the US but are relatively small in the UK, where futures and options funds were sanctioned by the investment authorities only four years ago.

Sabre's commodity recovery fund is an offshore vehicle designed to limit some of the risk associated with futures. Its aim is to invest in rising markets but liquidate its holdings as soon as a fall in prices seems imminent. The fund also has limits on the amount of cash it can put into each market sector at any one time, as well as the amount of gearing it can take.

This cautious approach means it does not risk calamity in any one market, but it also cuts out some of the benefit of large market moves.

Before coffee rose by another $1,000 a tonne last week after frost damaged crops in Brazil, Sabre had halved its exposure to this commodity because its technical charts signalled that the surge in prices was overdone. "That's okay," said Swete. "It had already doubled in price."

Commodity recovery



*Commodity Research Bureau
**Goldman Sachs Commodities Index
Source: Sabre Fund Management

A tremor on the veldt...

After months of being told by eager brokers that South Africa was now an excellent place to put money, this week's surprise resignation by respected finance minister Derek Keys proved something of a shock to investors.

Although his official statement stressed his decision arose from personal and not policy concerns, the suddenness of the announcement and the lack of a detailed explanation led to widespread fears that a serious clash inside the cabinet actually was responsible and that economic policies might soon be jettisoned.

As the news reached the markets, gilts soared (moving above 15 per cent), stocks tumbled and the financial rand, the barometer of international financial confidence, dropped sharply. South African stocks in London were hit particularly hard, and market sentiment will be tested on Tuesday when the first global launch of a convertible bond issue by a South African company, life assurer Liberty Life, is priced.

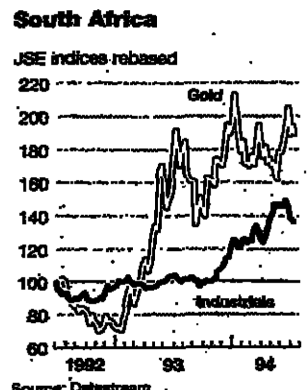
Yet, despite the government's inept handling of the affair, it seems increasingly clear that Keys' move does not signal any change in direction. The appointment of an apolitical career banker, Christo Liebenberg, as his successor and strong statements by both President Mandela and deputy finance minister Alec Erwin, stressing their commitment to fiscal discipline, have helped to reassure the markets.

While there is lingering disappointment that a man as capable as Keys has decided to go, and some fears that Liebenberg might not be up to the political challenges, there is general relief that the spirit of the coalition government of national unity is intact and its public commitment to cutting the budget deficit unchanged.

"I think it has served as a wake-up call," said one Johannesburg dealer. "Everyone knew things couldn't go perfectly forever, and the overall picture still looks pretty good."

Mark Suzman

South Africa



Source: Datastream

This month sees the launch of the UK's first South Africa unit trusts by Credit Suisse and Save & Prosper, *writes Scheherazade Daneshkhu.*

The fund managers are unperturbed by this week's events. "It is a glitch and does not change the investment case," said Neil Gregson, Credit Suisse fund manager.

"The markets were initially in turmoil on rumours of the resignation and, although bonds may stay weak, the currency will probably soon be back to where it started."

Marina Lloyd, Save & Prosper's fund manager, added: "We have stressed that political risk will remain in the short and medium term, but we do feel there is huge potential for the economy."

■ Trust details page VII

Pibs

Building societies take pride in their solid, reliable image. Imagine then, popping in to your nearest branch to buy its irredeemable debt paper – one of the riskier investments around.

Yet, the Building Societies Commission, which supervises the societies, has sent a letter to their chief executives outlining the procedures it would expect if they decided to sell permanent interest-bearing shares (Pibs).

To be fair, the letter aimed to highlight "the need for special care in selling investment products", but at least one society was surprised that the commission was allowing the sale of Pibs over the counter.

Pibs are a way for building societies to raise money. They have no maturity date, so the investor's capital cannot be guaranteed, and they are bought and sold in the market.

In theory, they pay a fixed rate of interest indefinitely, but missed interest payments do not mount up for payment at a later date.

Those holding Pibs are last in line for repayment in the event of a wind-up and are not covered by a compensation scheme.

Leeds was the first to issue Pibs in July 1991. With a minimum denomination of £50,000 – roughly, the cost of a Mercedes 280SL – the issue was aimed at institutions. The market has since grown to £1bn.

Private investors have been attracted to the shares because of their relatively high yield, as the table shows.

The societies themselves are cautious about the idea of retailing Pibs. Martin Ritchley, the Coventry's chief executive, says: "I would not want traditional building society investors to mistake Pibs for a traditional building society investment."

Bristol & West says, however: "We would be keen to see changes to widen customer choice and convenience, but we would want to make sure that customers understood them."

Michael Dyson, director of BZW Capital Markets, adds: "Private investors should ignore the speculative motives for buying Pibs but, if they require a high income, concentrate on those that give the best combination of yield and quality.

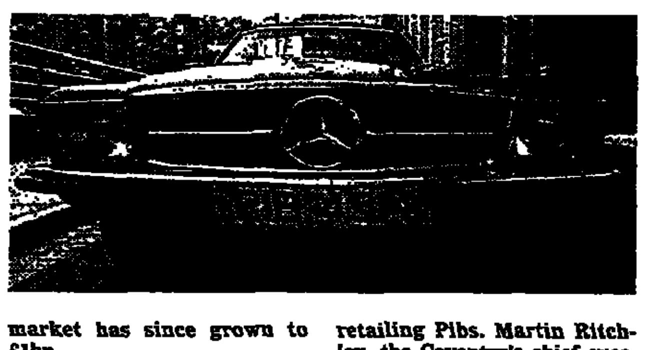
"At present, these are Britannia and, for the large investor, the Leeds."

Scheherazade Daneshkhu

PERMANENT INTEREST-BEARING SHARES

Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield (gross, %)
Birmingham Midshires	9.38	1,000	16/12/93	100.17	86.50	10.83
Bradford & Bingley	13.00	10,000	30/9/91	100.20	124.40	10.48
Bradford & Bingley	11.63	10,000	29/6/92	100.13	113.00	10.29
Bristol & West	13.38	1,000	11/12/91	101.79	123.75	10.83
Bristol & West	13.38	1,000	31/10/91	100.34	123.75	10.83
Britannia (1st)	13.00	1,000	13/1/92	100.42	122.00	10.66
Britannia (2nd)	13.00	1,000	8/10/92	107.13	122.00	10.66
Cheltenham & Gloucs	11.75	50,000	21/10/92	100.96	113.75	10.33
Coventry	12.13	1,000	28/5/92	100.75	113.75	10.64
First National	11.75	10,000	4/5/93	100.25	100.25	11.72
Halifax	12.00	50,000	23/1/92	100.28	117.75	10.19
Halifax	8.75	50,000	7/9/93	100.62	86.50	10.12
Leeds Permanent	13.63	50,000	3/6/91	100.00	130.25	10.46
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	123.50	10.83
Newcastle	12.63	1,000	8/9/92	100.45	115.00	10.98
Newcastle	10.75	1,000	15/6/93	100.32	99.13	10.85
North of England	12.63	1,000	23/6/92	100.14	117.50	10.75
Skipton	12.88	1,000	27/2/92	100.48	118.00	10.91

Source: Hoare Govett. *Purchase price as at Thursday July 7; excludes accrued interest



FINANCE AND THE FAMILY

The Professionals

Independent child of a powerful parent

*Seeing how the professionals look after their clients' money gives an insight into managing your own better. That's the theory behind **Joanna Slaughter's** series on private client investment managers. Today: **BZW Portfolio Management Ltd***

Investment managers: factfile 3

BZW
(BZW Portfolio Management Ltd)
Established: 1986 (origins in 18th century)

Regulator: SFA
Number of offices in UK: One (London)
Number of offices worldwide: In most major financial centres as part of the Barclays Group
Funds under management: £1.3bn (private clients) £50bn (BZW Group)
Number of UK private clients: Not disclosed
Number of expatriate/foreign national private clients: Not disclosed
Minimum investment for private clients: £250,000
Current asset allocation for private clients: 68% equities, 20% bonds, 12% cash
Average annual portfolio turnover: 30%
Fees: Discretionary, minimum fee £1,500 pa (0.75% on first £1m, 0.6% on next £2m, 0.5% on next £2m, thereafter negotiable); Advisory, minimum fee [illegible] on next £2m; thereafter negotiable).

BZW Portfolio Management Ltd (PML) is the investment and financial management division of the BZW Group, the international investment banking arm of the Barclays Group, and the advantages of this parentage are considerable.

Take analysts: BZW has more than 200, who are a major source of research for PML's portfolio managers, while Barclays provides an extensive distribution network to assist the search for new clients. Well over half PML's private clients are introduced through the bank's high street branches, or through the Barclays Group as a whole.

The obverse of this particular coin is that PML must work hard to reassure its private clients that there are no conflicts of interest, and that it is not the poodle of either the Barclays Group or BZW.

PML was established as a separate legal entity: it has its own board of directors, which is separate to those of the BZW trading companies; and it distances itself physically by occupying a separate building. Peter Saunders, head of portfolio management, says: "We are independent – we do what is best for the client.

"For instance, we wouldn't necessarily take a view that agreed with BZW Securities because a great deal of the output from securities houses is aimed at institutional investors and we have to interpret research for the private individual."

PML also thinks hard before using any group product for private clients. Saunders explains: "If we go into a Barclays unit trust, we have to be able to prove that it is positively better than any other."

The directors describe PML's investment style as "conservative but pro-active, aided by our direct line access to research and sophisticated technology". This technology includes a pilot scheme with a system devised by James Bevan, a PML director.

With this, market forecasts are fed into a computer programme that has the history of markets and currencies already in it. The system then produces a suggested asset allocation. "It is a tool, not a full answer," says Saunders. "It rationalises history into a reasoned view of the world, and it takes into account more circumstances than you could keep in your head."

Saunders adds: "We have a house view on pretty much everything on the world markets and on the right allocation for general categories of clients." Portfolio managers are asked to interpret the house view in relation to their clients.

Insight into the firm's thinking can be found in the latest asset allocation guidelines for private clients who are looking either for "wealth growth" or for "wealth preservation".

For clients wanting income from a wealth growth portfolio, the guideline allocations are UK cash, 10.53 per cent; conventional gilts, 25 per cent; convertibles, 21.60 per cent; UK equities, 40 per cent; and emerging markets, 2.86 per cent.

For clients who are seeking capital appreciation, the suggested split is UK cash, 12.61 per cent; conventional gilts, 10 per cent; index-linked gilts, 7.5 per cent; UK equities 46.14 per cent; North America, 2.5 per cent; Continental Europe, 10 per cent; Pacific Rim and Japan, 3.75 per cent; and emerging markets, 7.5 per cent.

On wealth preservation portfolios, more emphasis is placed on gilts for income and UK equities for growth. The suggested income divide is UK cash, 12.50 per cent; conventional gilts, 30 per cent; index-linked gilts, 1.65 per cent; convertibles, 16.67 per cent; UK equities, 32.93 per cent; and overseas equities, 6.25 per cent.

The growth guideline allocations are UK cash, 11.91 per cent; conventional gilts, 10 per cent; index-linked gilts, 10 per cent; UK equities, 52.50 per cent; North America, 4.34 per cent; continental Europe, 2.50 per cent; Pacific rim and Japan, 3.75 per cent; and emerging markets, 5 per cent.

PML prides itself on providing bespoke investment management within parameters set by the private clients themselves. The 20 portfolio managers who deal with private client money meet each morning at 8.15 to discuss global economic or political developments, overnight market movements and specific stocks.

Traditionally, PML held a buy/hold/sell stock list, but this has been developed recently to include the measurement of technical factors. The stock selection list is reviewed constantly and the performance of its shares is used to demonstrate the firm's investment track record.

Charles Pinney, the director in charge of offshore portfolio services, says: "There is no edict saying these are the stocks managers must hold for clients, but they are a recommendation to a manager if he is buying now. If he gets very enthusiastic about a stock, he can get it put on the list."

Currency hedges are used to a limited extent, and "individually tailored" derivatives' programmes are available through BZW. The firm also has access to group expertise if clients want management of other assets, such as property.

Portfolio performances are monitored rigorously, and PML is reviewing its information technology to assist the process. "Anyone can have a streak of bad luck," Saunders points out, "and we encourage managers to come and tell us if anything is going wrong."

Average turnover within the portfolios is 30 per cent, and Saunders says: "Whenever we make changes in a portfolio, we write to the client. It has become part of the service, although some of our competitors have given up doing this."

PML also differs from some competitors in its willingness to take clients on an advisory, as well as a discretionary, basis. Saunders describes investment houses that will not offer an advisory service as "arrogant". He argues: "It is not client-sensitive. What is important is that you give advisory clients just as much attention as your discretionary clients, rather than making them tail-end Charlies."

PML manages £1.3bn on behalf of private clients, and the average portfolio of new clients is £750,000. But the directors will not say how many private clients there are. Perhaps some professional secrecy is required from even the most independent arm of a large banking group.

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FINANCE AND THE FAMILY

Old theme, new variation

***Bethan Hutton** on the Prudential's latest offering*

Life assurance-linked savings policies such as endowments have been criticised by almost everybody – except those selling them – as expensive, inefficient and inflexible ways to save. Yet, that has not stopped the life companies, their sales forces, tied agents and commission-driven independent financial advisers (IFAs) from carrying on selling.

Now, at last, the UK's largest life insurer has come up with a new variation on the old endowment theme which goes some way towards answering the main criticisms.

The new Prudence savings account, from the Prudential, is a with-profits savings vehicle but there are several important differences between it and conventional with-profits endowment plans. These include:

■ No fixed term. Savers are not tied to the standard terms of 10 or 25 years.
■ Contributions can be regular monthly amounts, or occasional lump sums, or both.
■ Regular savings amounts can be increased or decreased at any time so long as they stay above the £30 minimum.
■ Contributions can be suspended if personal circumstances change – for months or years, if necessary. The only condition is that if, after 10 years, the account contains less than £1,000 and regular contributions are not being made, it will be closed down.
■ The life assurance element is minimal, so single or childless people are not forced into paying for large amounts of unnecessary life cover. A separate, flexible term assurance policy is available if wanted.
■ Partial withdrawals can be made if savers need access to the money – they do not have to choose all or nothing.

There are drawbacks, though. Withdrawals are discouraged heavily during the first five to 10 years; inside this period, charges may mean you do not get all your money back. And if you have saved less than £3,000, there could be a withdrawal fee of up to £180.

With-profits funds invest in shares, property, and fixed interest securities, so long-term returns should be better than a building society. But the actual returns paid to savers are at the discretion of the company actuary, rather than linked directly to stock market growth.

Interest is paid in the form of annual "bonuses". Initially, these will start at 4.75 per cent, going up to 5.75 per cent on amounts over £4,000 and 7 per cent over £8,000. While these rates are no better than those available from building societies, there is also the possibility of additional bonuses on withdrawal or death.

The company reserves the right, however, to make "market value adjustments" when you withdraw large amounts. This means it can reduce the value of your investment if it misjudged the level of bonuses awarded earlier, or the market has fallen recently.

Charges are slightly more transparent than with conventional endowments – there is a 5 per cent initial levy on contributions – but others are deducted from the fund before bonus levels are set, rather than being stated and fixed openly. The actuarial involvement makes the overall charging structure opaque, and costs generally will be higher than for more straightforward investment vehicles.

Prudence is designed to appeal to unsophisticated or extremely risk-averse small savers. As such, it is a definite improvement on conventional life assurance-linked savings plans. But it will not attract more sophisticated people willing to take an active interest in their investments.

Even if they only have small amounts to save, they should go for more direct equity-linked investments, such as unit or investment trust savings schemes, which provide better returns with lower costs and even greater flexibility.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

The inspector is right

My wife and I were partners in a farm which we sold in 1988. A small capital gains loss was established and agreed with the Inland Revenue dealing with my returns at the time. I had assumed this was in my name to add to my allowances to be carried forward from year to year should the need arise.

After some correspondence with my Revenue office, the tax inspector told me I was entitled to only 50 per cent of the loss as I was in partnership with my wife at the time.

Is this ruling correct? If so, can my wife claim the other 50 per cent to set against any capital gains she may have in the future?

■ Yes, your tax inspector is right; and yes, your wife can set the allowable loss on her share of the property against her future chargeable gains.

Ask the tax office for the free leaflet CGT 15 (Capital gains tax: a guide for married couples).

Paying in advance

Would it be in order, during March 1995, to pay in advance the electricity and gas bills due during the period April 1995 to end-March 1996? This would avoid paying the full rate of 17½ per cent VAT which comes into force during that time.

■ Yes. You will avoid the increase to the extent you make payments in advance and there is no restriction in relation to bills for which any advance payment is made.

You can make a payment of estimated bills for as many years as you wish but the amount of any saving will depend on interest rates applying after the advance payment has been made.

Setting losses against gains

I have incurred capital losses on share dealings. The shares were bought from a joint account with my wife but are held in my name only.

My wife has property which, when sold, will produce significant capital gains. It was bought solely by her with her own money although it could be transferred to joint ownership before sale.

Can the losses on shares be set against the gains on property?

■ We take it you mean that the shares belonged to you exclusively (as distinct from being held in your name as nominee for your wife and yourself, or as nominee for your wife alone).

That being so, the allowable losses on the shares can only be set against gains which accrue to you (and not against gains which accrue to your wife). Ask your tax office for the free pamphlet CGT 15 (Capital gains tax: a guide for married couples).

If she has not already done so, your wife should seek guidance from her solicitor on the possibility of mitigating the prospective CGT bill on her property. (We can make no further comment, in the absence of relevant data). She should ask her tax office for the free pamphlet CGT 4 (Capital gains tax: owner-occupied houses): its scope is wider than the title suggests.

NEW INVESTMENT TRUST LAUNCHES

Manager (Telephone)	Broker	Sector	Warrants	Targets Size £m	Targets Yield %	PEP Qual?	Savings Scheme	Issue Price P	Minimum NAV P	Outside PEP Minimum Invst. £	Outside PEP Annual Charge %	Inside PEP Minimum Invst. £	Inside PEP Annual Charge %	Offer Period
■ **INVESCO Japan Discovery**														
INVESCO Asset management (0800 010333)	Panmure Gordon	Japan	1:5		n/a	No	Yes	100p	95.1p	1,000	1%	n/a	n/a	14/7/94-29/7/94
Specialising in Japanese smaller companies, to be run by manager of Invesco's Japan Smaller Companies unit trust														
■ **Italian Renaissance**														
Fondigest/Carnegie International (071 216 4062)	Panmure Gordon	Europe	1:5		n/a	Yes	Yes	100p	96p	1,000	1%	n/a	n/a	15/7/94-29/7/94
The UK's first specialist Italian investment trust, hoping to profit from the depreciation of the lira, an export boom, and low inflation														

NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	Full PEP Qual	Savings Schemes Avail.	Charges outside PEP Initial %	Charges outside PEP Annual %	Charges outside PEP Other %	Minimum Invst. £	Charges inside PEP Initial %	Charges inside PEP Annual %	Charges inside PEP Other %	Minimum Invst. £	Special offer Discount %	Special offer Period
■ **South Africa Fund**														
Credit Suisse (0277 690370)	Int Equity growth	0	No	Yes	5.25	1.5	No	1,000	n/a	n/a	n/a	n/a	*	27/6/94-15/7/94
The company's first single country unit trust launched in the UK; its manager already runs offshore resource funds with £50m in South Africa														
■ **Southern Africa Fund**														
Save & Prosper (0800 282101)	Int Equity growth	0	No	Yes	5.5	1.5	No	1,000	n/a	n/a	n/a	n/a	**	9/7/94-29/7/94
The fund will also invest in Botswana and Zimbabwe; these are volatile markets and S&P advises a maximum 5 per cent holding in a growth portfolio.														

*0.5 percentage point discount on £2,500, 1 point discount on £5,000 or more. **1 percentage point discount on £1,000-£2,999; 2 points on £3,000 or more; 2 points until July 1995 through monthly savings plan.*

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Birmingham Midshires BS	First Class	0902 645700	Postal	£500	5.00%	Yly
Bradford & Bingley BS	Direct Premium	0345 248248	Postal	£1,000	5.40%	Yly
Chelsea BS	Classic	0800 717515	Postal	£2,500	6.00%	Yly
Nottingham BS	Post Direct	0602 481444	Postal	£25,000	6.60%	Yly
NOTICE A/cs and BONDS						
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£500	6.00%	Yly
				£10,000	6.60%	Yly
National Counties BS	90 Day	0372 742211	90 Day	£50,000	7.15%	Yly
Skipton BS	Fixed Rate Bond	0756 700511	30.6.97	£5,000	8.25%F	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 391741	Postal	£2,000	5.37%	Mly
Confederation Bank	Monthly Income	0438 744500	30 Day	£2,000	5.85%	Mly
Scarborough BS	Scarborough 94	0800 590578	90 Day	£25,000	6.75%B	Mly
Chelsea BS	Fixed Rate Bond	0800 272505	30.9.99	£10,000	8.65%F	Mly
TESSAs (Tax Free)						
Confederation Bank		0438 744500	5 Year	£8,900	8.00%F	Yly
Hinkley & Rugby BS		0455 251234	5 Year	£3,000A	7.35%	Yly
Melton Mowbray BS		0664 63937	5 Year	£1	7.20%	Yly
Nottingham BS		0602 481444	5 Year	£1	7.15%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	4.75%	Yly
UDT	Capital Plus	081 447 2438	Instant	£1,000	4.75%	Qly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yly
Portman Channel Islands	Instant Gold	0481 822747	Instant	£20,000	6.20%	Yly
Confederation Bank (Jrsy)	Flexible Inv	0534 608060	60 Day	£25,000	6.80%	½Yly
Confederation Bank (Jrsy)	Investment Cert	0534 608060	5 Year	£10,000	8.25%F	Yly
GUARANTEED INCOME BONDS (Net)						
Liberty Life		081 440 8210	1 Year	£10,000	4.90%F	Yly
General Portfolio		0279 462839	2 Year	£20,000	5.80%F	Yly
Prosperity Life		0800 521546	3 Year	£25,000	6.82%F	Yly
Co-operative Bank		0800 526149	4 Year	£2,000	7.25%F	Yly
Eurolife		071 454 0105	5 Year	£10,000	7.75%F	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%FI	Yly
	Pensioners GIB		5 Year	£500	7.00%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A = Feeder account also required. B= 7 day loss of interest on all withdrawals. G= 5.75 per cent on £500 and above; 6 per cent on £25,000 and above. H= 6.75 per cent on £25,000 and above. I= 6.40 per cent on £20,000 and above. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain an introductory copy by phoning 0692 500677.

Loans hope

The prospect of more, and cheaper, fixed rate mortgage loans was held out this week by Anthony Nelson, Treasury economic secretary, as he announced changes to the way building societies can operate. But societies themselves were rather more doubtful that the rise in the ceiling on the amount of funds they can raise on the wholesale money markets would have that effect, at least in the short term.

They did say, however, that the new powers which are planned – including the right to full ownership of a general insurance company – would enable them to compete more effectively. This suggests some benefits to customers in terms of pricing and services.

Direct Line's entry into the mortgage market – albeit just as a pilot scheme at the moment – might also have a downward effect on pricing.

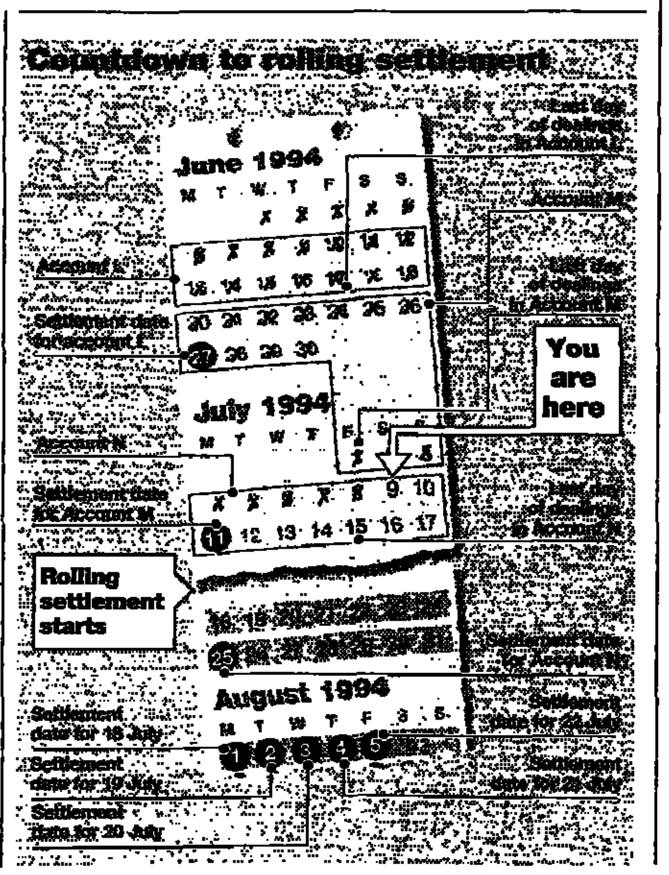
In the Treasury's review of building societies' legislation, the other side of the coin from greater flexibility is greater accountability to members.

Societies will soon have to give their members more information in the annual report and accounts. This will include such areas as payments to directors.

Later, when the government finds time to legislate, the boards of societies will have to tell members at the next general meeting of any non-confidential take-over offers from organisations other than societies.

Nelson also said that a government consultation paper to be issued in the autumn would look at other ways of making societies more accountable, such as reserving certain seats on boards for members' representatives.

Alison Smith



Where to spot top talents of the future

***Lucia van der Post** looks at commercial products and works of art from the latest crop of bright young British designers*

You can tell it is July by the flurry of activity in art schools up and down the country. Invitations to student shows from Aberdeen to Penzance arrive daily.

For those with time and leisure nothing could be more rewarding than doing the rounds and seeing just what the most creative youngsters are up to.

For most of us, however, taking in anything more than a couple of student shows is hardly practicable. This is where the New Designers exhibition at the Business Design Centre, Islington, London N1 comes in. Under one roof you can find a broad range of the most interesting work from colleges all over the UK.

The exhibition has come to serve as a marketplace, bringing together the talents of the bright young things emerging from the colleges and industrialists and manufacturers in need of new ideas and new designers.

As the exhibition has grown it has become more unwieldy so, this year, it has been divided into two. The first week (hurry, just today and tomorrow left) is devoted to commercial design and should be of particular interest to any industrialist or small businessman looking for new products or new talent. Here is a selection of what is on offer:

■ Hamish Pitt, a student at Brunel, has developed a dual-drive system which allows cars to be driven on the left or the right.

■ Alison Swabey, also from Brunel, has come up with an alcohol tester so that those having one too many in the pub can see for themselves just what their alcohol rating is. Her design takes the form of a booth which could be installed in restaurants and pubs making it a simple matter for people to see just how much they have been affected by drink.

■ Mark Cornwall, of De Montfort University, has designed a fly-tying device for night-fishermen.

■ A Sheffield Hallam University student has come up with a heart defibrillator which can be carried by mountain rescue teams.

All these new ideas – and many more – can be seen today and tomorrow at Islington's Business Design Centre (Saturday from 10am to 6pm, Sunday from 10am to 4pm).

The exhibition then closes until Thursday when it reopens to focus on one-off, limited-edition designs – you will find ceramics, glass, accessories, textiles such as rugs and wall-hangings, and one-off pieces of furniture and lighting as well as avant-garde jewellery.

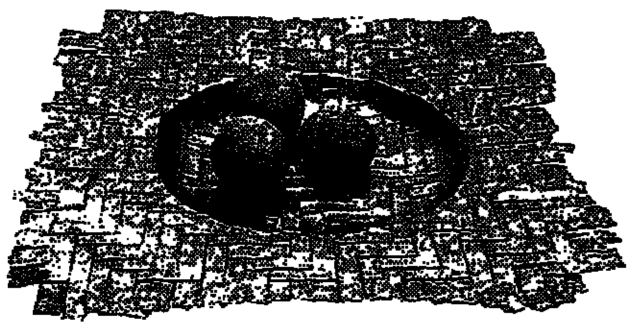
Most things in the second exhibition will be for sale, with prices ranging from about £5 to £5,000, and it is a great opportunity to look for idiosyncratic presents as well as for designers who could carry out a special commission.

Also at the Business Centre is a One Year On exhibition for designers who have graduated to the workplace. This year there are several youngsters I wrote about two years ago, all blossoming, several with companies of their own, others departed to exciting jobs abroad.

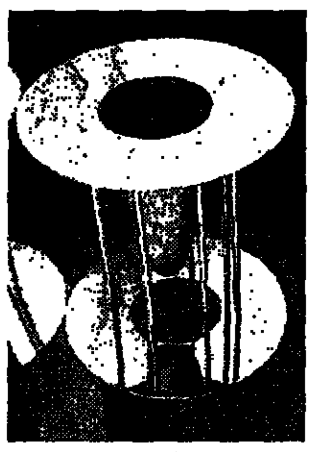
Jonathan Hoad, who made a stunning clothes unit-cum-silent valet, has his own shop, Lime Design in Archway. Marianne Buus, whose hand-blown and studio-blown glass is colourfully memorable, is working in Sweden. Adrian Reynolds, a metalworker, has taken private commissions and works from a converted chapel in Ironbridge Gorge, in Coalbrookdale. (tel: 0952-433222) while Eleanor Kearney is designing cutlery and tableware in Sheffield.

The exhibition is opens on Thursday, Friday and Saturday from 10am to 6pm, and on Sunday (July 17) from 10am to 4pm. Entrance fee, £5 for adults, £3.50 for students.

Etched anodised aluminium bracelet by Katie de Broekert of Buckinghamshire College of Higher Education, £65



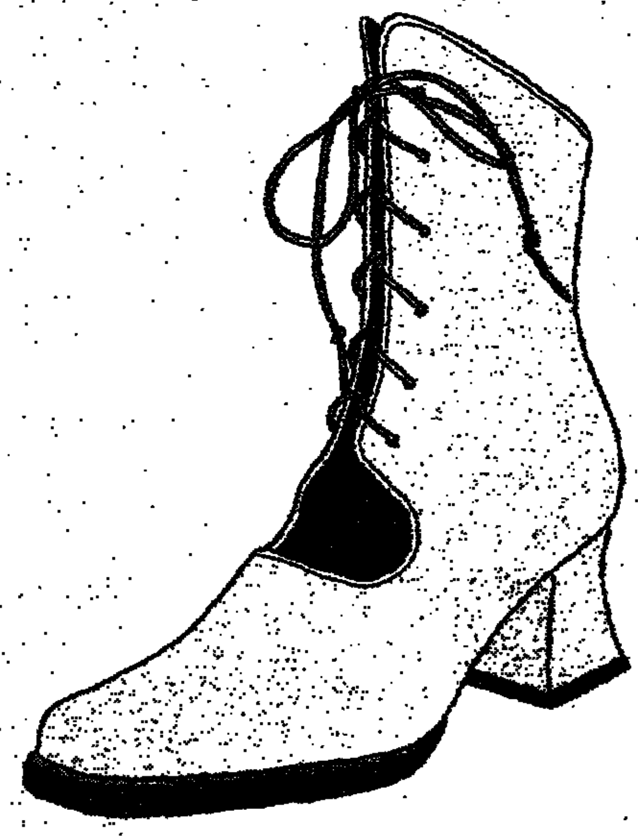
Woven anodised aluminium fruit bowl by Liz Clark of Buckinghamshire College of Higher Education, about £300



Vase in spun silver by Ingrid Rusch, £800

Vampish high-heeled tie sandal in denim, £150.

Banded mule with ankle-ties (very popular as a bridal shoe) £159.



Cut out ankle boot in cream leather, £180.

Simple metallic organza banded mule, £159.

Scrolled banded slingback, £170.

Claire Norwood is a splendid example of what can happen to young students whose work is shown at the New Designers' Exhibition.

Just a year ago she was graduating from the Cordwainers' College and her individual interpretation of what footwear could be like was on view. One year on finds her with her own workshop at 398 St John's Street, London EC1, creating idiosyncratic made-to-measure shoes.

Her customers include sculptors, journalists, a rehabilitation officer, a fashion photographer, a magazine editor, a financial analyst, shop assistants, Glenys Kinnock's speech writer, and a make-up artist and stylist.

Although her shoes are all made to order she does have a consistent aesthetic. For new customers she has a portfolio of previous work which customers can refer to and order from.

Like many designers her career got off the ground by chance. *Vogue* magazine asked her to make some footwear reminiscent of the 1950s for a picture they had in mind.

She often uses old leather and materials which give her work a special air.

"I rummage around," she tells me, "and find old things which I re-use – like old stiletto shoes or an old green leather coat which I found in a flea market for about £5 and cut up to make five or six pairs of shoes.

"I know several old shoemakers on their last legs and I go in and raid their workshops and they think it is great to have their backrooms cleared out. I also scout around in markets for buckles, bits of leather, buttons, bits of jewellery which I use to give individuality to the shoes.

"I made some wonderful boots from old used leather which have a splendid patina to them which makes them look different." Claire will take green patent leather or gunmetal organza and make them into mules for the 1990s.

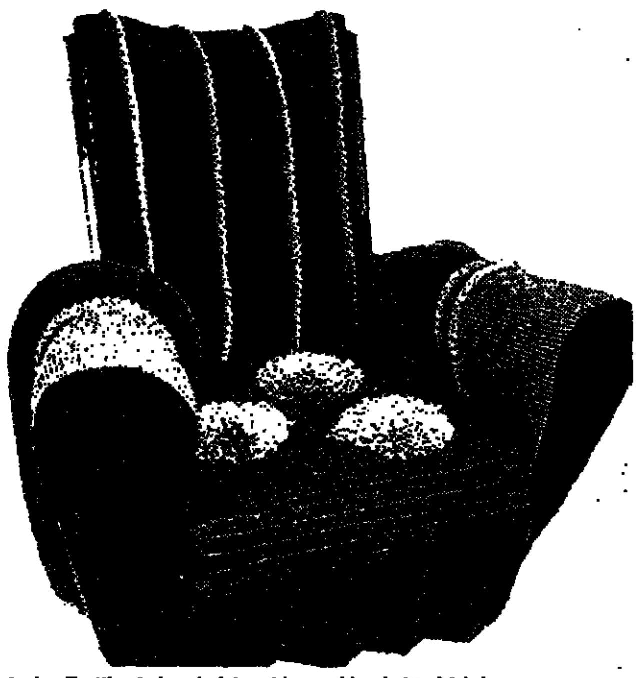
She makes shoes simple and wearable but makes them special by using beautiful detailing. "If I'm not using old materials I go to Northampton to buy the top quality leather, which is beautifully soft," she says.

Prices range from £90, for a pair of mules from the existing collection, up to £250 for a pair of knee-high boots (but these will be made to suit your own contours).

She takes measurements – and prefers to see her customers, but adds: "I have had a lady in Gloucestershire who just sent in her measurements after seeing the piece in *Vogue* and I'm making her a pair of sandals."

■ A small collection of her work can be seen at the Islington workshop (tel: 071-837 2355), from which you may order, and at Yvonne Damant, 2 The Square, Richmond, Surrey.

■ *Drawings by Graham Marsh*

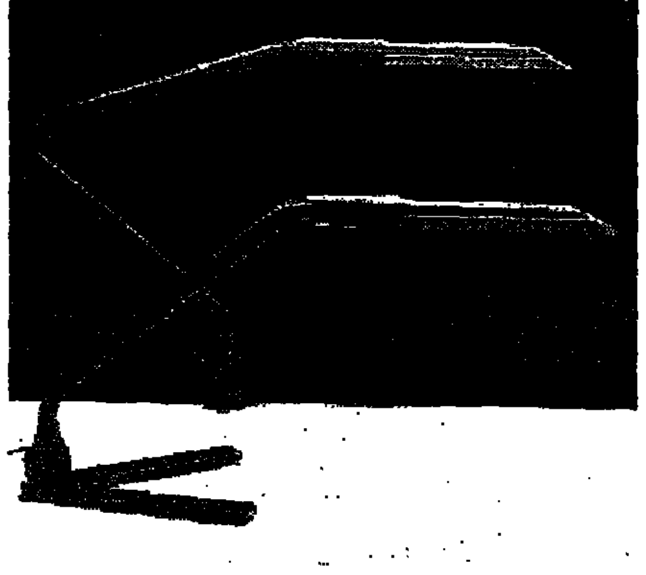


Janine Trott's chair upholstered in machine-knitted fabric, from £600

Garden bench in iroko wood by Dwynwen Parry, £195

A new light to shine upon the world

***Lucia van der Post** has found a modern successor to an old favourite*



The Anglepoise lamp, now 60 years old, is a design classic. It is as sturdily attractive and practical today as when it first came on the market.

The original Anglepoise lamp was a trail-blazer in its day, offering, as it did, flexible lighting using hinges based on the bending of the human arm. The same company has now produced an updated version – equally flexible but using a system derived from studies of the human spine.

The Artikula lamp is, indubitably, of a different generation. It looks clean, spare, almost space-age in its uncompromising modernity. It, too, is a reading or working lamp, designed to sit on a table or desk top or be clamped to the side of furniture or shelves.

Made from a mixture of nylon, polycarbonate and stainless steel, it is available in slate grey with a choice of other colours on the top of the shade. It has a reach of 1 metre and its chief practical claim is that it is highly flexible. There is a single or double-jointed model. The double-jointed version will be on sale at the end of the month and will cost about £105, the single later in the year.

For details of stockists apply to Anglepoise, Enfield Industrial Area, Redditch B97 6DR. Tel: 0527-63771.

■ *Regular readers of How To Spend It and Jancis Robinson's wine column will have heard* of Riedel wine glasses and of the intense care that has gone into developing a glass for each grape type, thus enabling the imbiber to enjoy to the full the particular properties of each.

Now Riedel has produced a glass for ordinary everyday use. The Gourmet glass, with tulip-shaped bowl, is designe[d] for drinking anything fro[m] mineral water to claret. It [is] just 6in tall, so can fit into t[he] top drawer of a dishwash[er] and costs £5.95. Most depa[rt]ment stores and wine me[r]chants sell them.

Let's join the pyjama game this summer

Apricot washed silk waistcoat, £122.50, matching trousers, £172.50, both by Paul Costelloe Dressage from a selection at Fenwick, New Bond Street, W1 and Paul Costelloe of Old Amersham and Harvey Nichols SW1, and the Dressing Room of Louth, Lincs. Chartreuse green and beige silk satin shirt by English Eccentrics, £295 from Liberty, Regent Street, W1 and Harvey Nichols. Sunglasses by Emporio Armani, £75, 081-830 0066 for stockists. Suede sandals, £149 from Emma Hope, Amwell Street, EC1.

Embroidered beige linen shirt, £85, matching trousers, £85 – both by Biscotte – silver earrings, £9.95, all from Fenwick. Cotton knit waistcoat, £13 from Benetton branches.

Wear your night clothes in the street and no one will turn a hair, says ***Avril Groom***

There is a classic nightmare in which you imagine you are walking in the street dressed only in undies or nightwear. You are covered in confusion but no one else is turning a hair.

This summer, however, you will not be embarrassed and the dream will be for real, as the pyjama game is being played in some of the world's most fashionable spots.

Pyjamas are the acceptable face of this year's generally not very wearable fashion. At the catwalk shows, the barrage of shutter-clicking when minuscule minis or schoolgirl slip-dresses appeared was counter-pointed by the approving sighs of the fashion press as loose shirts and trousers appeared.

You can guess what made the headlines, but pyjamas have sneaked into the shops as the season's commercial success. Managers in middle-market companies which have not produced any are now kicking themselves.

A loose shirt and drawstring trousers can be worn by virtually anyone but, choose carefully if you want them to flatter. Try them on and look critically (particularly at your rear view) before you buy.

In coarser fabrics they can be easier on the waist than on the eye. A crinkly polyester version of drawstring trousers has, for years, been the basic fodder of outsize and even maternity departments.

This is, quite sensibly, because they are blissfully comfortable whatever your circumference. But if you would prefer not to look as if you were an habituée of either place, you should choose a very soft fabric, such as silk, fine cotton jersey or delicate linen that will gently wrap and drape itself round your form rather than camouflage it or make your hips look enormous. Pre-washed or crushed fabrics have the softest touch of all.

Because drawstring trousers are not new, designers have had to freshen them up in order to make them look like this year's hot number and not last year's cold potage. The abiding image that lingers in the mind (even from designers as commercial as Ralph Lauren) is of trousers drooping below navel-level and worn with a cropped top scarely bigger than a bra. This is only to be recommended if there is not even a finger's pinch of spare tyre anywhere, which in practice means on very few people.

The point of drawstring trousers is that they free you from the rigours of high fashion and allow you to relax. They are therefore not suitable office wear unless you work in a particularly relaxed environment. But they are wonderful for holidays, weekends and entertaining at home. In St Tropez, always the cradle of Mediterranean trends, pyjamas were already *de rigueur* by May, worn over swimsuits, protecting skin from the midday sun.

The smooth line of a swimsuit, or fine knit or jersey body is the most flattering partner to pyjamas, with the shirt or jacket worn open to show off the drawstring knot. Donna Karan matches fine-knit body-vests to narrow-shouldered, fluted, silk pyjamas for a monochrome, simple yet dressy look that would suit a summer party.

An alternative is a soft waistcoat or slip top to match the trousers, with the shirt contrasted or in a print. If you are young and fit and your tum can take it, go for the crop top – the loose shirt will give some camouflage.

Accessories take an equally relaxed approach. The rediscovery that some high heels look good with some trousers does not apply to pyjamas.

Espadrilles, natural-looking lightweight sandals – even thongs if you are tall – or, at most, small-heeled mules look better. Jewellery and even sunglasses need the same light, minimal look.

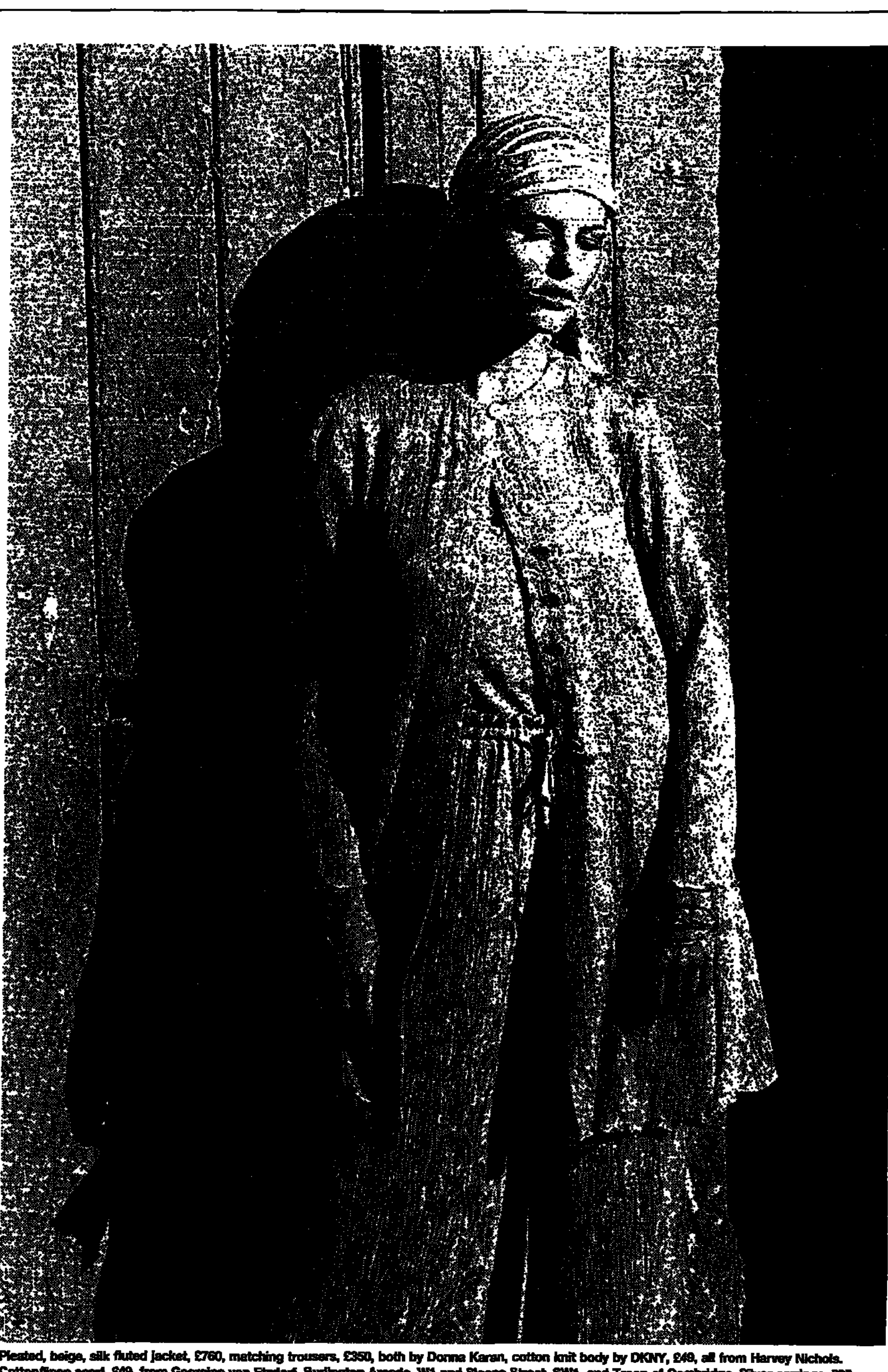
Plain, fine-rimmed tortoiseshells from Giorgio Armani, a period-looking mix of tortoiseshell and burnished metal from Calvin Klein or 1970s-style fine metal rims with softly coloured lenses from Romeo Gigli are effective and comfortable to wear.

An advantage of the pyjama suit is that it is concealing enough to be acceptable wear for women travellers even in sensitive areas. Our pictures were taken amid the little pastel-washed houses and verandahs of the picturesque Malay quarter in Cape Town, South Africa, a strongly Moslem area where young girls wear headscarves and men are more likely to sport pyjama suits.

Yet even the veiled mothers, watching over their children playing cricket in the quiet streets, smiled and approved as our model posed. Not for them, of course, and the bare midriffs not, perhaps, for anyone. But the shirts and trousers for their teenage daughters? Yes, perhaps one day.

■ *Flights to Cape Town courtesy of South African Airways, 251-259 Regent Street, W1, 071-734 9841*

Hair/make-up .... Richard Wilkinson
Pictures ....Tony Boase



Pleated, beige, silk fluted jacket, £760, matching trousers, £350, both by Donna Karan, cotton knit body by DKNY, £49, all from Harvey Nichols. Cotton/linen scarf, £49, from Georgina von Etzdorf, Burlington Arcade, W1 and Sloane Street, SW1, and Troon of Cambridge. Silver earrings, £25, bracelet, £20 each, by Simon Day from Space NK, Earlham Street, WC2 and Jess James, Newburgh Street, W1. 071-734 2185 for mail order and further stockists.

Striped silk jacket in burgundy, olive and beige, £230, toning cotton lawn trousers, £170, both by Mr and Mrs Macleod; dusky pink wool crop top by Carol Fraser, £185, all from Whistles, St Christopher's Place, W1. Folding panama hat, £87 from Herbert Johnson, New Bond Street, W1.

As They Say in Europe / **James Morgan**

The good old days of cheating are over

A government that sets about exposing corruption reveals that it exists. The sterner the measures, the more corrupt the country appears. The opposite is also true.

I recall a press conference on this matter given by the Home Affairs Minister of Malaysia many years ago. He argued that there was little corruption in that country because, in spite of setting up an anti-corruption agency, there had been few arrests. The local media patted the government on the back.

And then definitions of corruption change. When I finished my education, many of my contemporaries were forced into banking and the City, consoling themselves with the expectation of hearing useful rumours, getting a good tip, or having access to some kind of inside knowledge that might enable them to compensate for the modesty of their official earnings.

And so to France where there has been the arrest of another highly-placed personality – Pierre Suard, the boss of the engineering giant Alcatel Alsthom.

Everybody is asking: is France another Italy?

This scandal comes after the arrest of the boss of another industrial giant, Schneider, the successive waves of the Tapie affair and allegations about President Mitterrand.

In fact France, maybe, is not more, or less, corrupt – it is the world that has changed. The good old days, when one could rob shareholders and cheat customers without one's integrity being called into question have, for better or worse, disappeared.

Thus *Les Echos*, the leading business paper, wrote: "Justice is crashing into the business world ... Company bosses will from now on have to grow accustomed to this new rigour and to the collapse of a certain number of barriers behind which they thought themselves protected."

As the innocent industrialist emerges, rubbing his eyes, facing up to this new, harsh dawn, he may be comforted by the experience of Bernard Tapie, the millionaire left-winger. The more the accusations pile up, the more popular he becomes. He secured one vote in eight in the recent Euro-elections and is seen as a kind of foul-mouthed Robin Hood.

"So," wrote *Le Quotidien*, "the boss of Alcatel need only present himself at the next elections. He will be a roaring success and Tapie will be President of the Republic. Thus it will have been willed by a justice which has sworn to be just." *Le Quotidien*, having delivered itself of this epigram, expired, never to be quoted again.

> *'Justice is crashing into the business world' – Les Echos*

On the day Suard was arrested, in an unusual piece of serendipity, *Le Monde* brought out a survey of corruption. Its most interesting contribution was a theoretical review which decided two preconditions were essential – rent and regulation.

Now "rent" is a difficult word in English and here is meant economic rent. The example given is the case of a house whose real value is transformed as a result of the construction of an underground railway station nearby. Should the landlord benefit from the increased value of the residence, or the tenant or the municipality?

Real corruption takes place when the site of the station is decided beforehand by potential beneficiaries. There are concrete examples of how this works in France today: *Le Monde* cites the notorious *Loi Royer* of 1973 which gives local business committees the power to decide whether a new supermarket can be opened in their district. "As might be expected, the members of these committees have sold their votes."

The French economy was often dominated by the system of permits and licences: it provided support for the *ancien régime* and thus promoted the events of 1789. The *aristos* were in fact rent snatchers.

Among the accusations against Pierre Suard is an allegation of a form of rent-snatching: an Alcatel subsidiary allegedly over-invoiced France Telecom.

The public sector in France is there partly to ensure the existence of substantial and successful private sector enterprises. So there is a system of fruitful mutual dependence between monopoly buyer and monopoly supplier.

In such circumstances it may not be all that odd if Pierre Suard enjoyed, as alleged, the services of France Telecom free of charge at his private residence. It is just, as *Les Echos* noted, that everything is much stricter these days. What was once normal becomes egregious and is now stamped on. And any attempt to compensate for the loss takes on more overtly criminal forms.

So the question – is France another Italy? – is hardly relevant. The world of licences and permits shrinks and we are probably witnessing the collapse of the old order rather than the arrival of the new.

In France many regret the zeal of a new breed of law enforcement officers. In the world of the electronic criminal, the tales of Tapie, Alcatel and Schneider have enormous sentimental appeal.

■ *James Morgan is economics correspondent of the BBC World Service.*

No regrets: Siddy Langley in her workshop — Colin Beere

Minding Your Own Business

Hooked on glassblowing

> *Simon Walsh on one woman's return to apprenticeship*

In 1979, Siddy Langley was running a successful clothes shop, earning enough to run a Morgan car and take six-week holidays in the Far East.

One weekend something happened to change her lifestyle to that of a £20-a-week apprentice having to find £22 a week for train fares. Yet she has never once regretted that change.

"I heard that Peter Layton was giving weekend glassblowing courses at his London Glassblowing Workshop in Rotherhithe. I thought it would be fun.

"That was it, I was hooked. On the Monday morning I put my shop on the market, and committed myself to a three year apprenticeship."

Today, she and Alchemy Glass, the business she established in Maidenhead, Berkshire, in 1987, are known by top department stores from London to Tokyo for the exclusive designs in glass which she creates in her studio.

"During my apprenticeship I was on £20 per week and it was costing me £22 per week to travel up to London every day.

"The craft council sponsored me for a while, which made life an awful lot easier, and I waitressed in the evenings. After a certain time, I was able to sell my own work and that also helped.

"Everybody thought I was crackers. Now everybody says aren't I lucky, because I'm doing something I love."

In the first year of trading, Alchemy Glass showed a turnover of around £28,000 to £30,000. By April of 1994 that figure was nearer to £70,000.

"After three years of apprenticeship I worked with Peter for another six on a self-employed basis, so when I came to set up my own studio I had a rapport with the galleries, because they knew my work.

"That was a very good period for me, as it helped me get my name known relatively painlessly. If I had had all the expenses of my own studio to cope with then, it would have been a lot harder.

"I borrowed a lot of money because I wanted to buy good equipment from the outset. Financially that has paid off hands down. I have had very few occasions when production has been held up for repairs or maintenance."

The original loan from Midland Bank was £50,000. The studio was built from scratch, and the furnace alone cost around £10,000, but it was so well designed by Peter Howard, its maker, that it cuts gas consumption by 50 per cent – just as well, as it has to burn 24 hours a day every day of the year.

"I currently pay my gas bill by monthly standing orders, so I get no nasty shocks, and they come to £254 per payment. I know of another studio just starting up and using a cheaper, conventional furnace, and they are paying nearer £1,000 a month."

In 1990, Siddy made a first approach to the Japanese market, and is now selling to Takashimaya and Matsuzukaya, two prestige department stores in Tokyo.

"I had one contact in Japan as my brother lived there at the time. So having accommodation made life a lot easier.

"I hired an exhibition room in Yokohama and had invitations printed. It was a little bit daunting because the costs are enormous. If I had realised how expensive it was going to be, I might not have started."

Shipping her work to Japan was enormously expensive, as was hiring the room and providing a buffet.

"I had an enormous bill from the florist, getting on for a couple of hundred pounds. That was something I hadn't worked into my calculations."

But once again, a heavy initial outlay proved to be money well spent.

"It was an enormous success, it was a sell-out show, and it drew enormous orders which kept me busy all through the summer of that year".

Takashimaya and Matsuzukaya are still regular customers, ordering twice a year, at around £10,000 a time – but a minor cultural difference had to be ironed out first.

"The Japanese wanted everything to fit in particular sized boxes. That seemed strange to me, because they were effectively paying a premium for the uniqueness of the one-off pieces.

"At first this made doing business very difficult, but eventually they accepted that some of the pieces were individually crafted, and they have certainly been very pleased with them."

Japan has been very good to Langley, so good that she is learning Japanese. She began out of necessity, using a very amateur style tape. Now she is going to proper classes and learning to read and write.

"When you are in Japan it's not too bad, but telephoning can be very tricky. When I have got some more Japanese under my belt I will find it much easier to approach some of the other stores," she said.

While Siddy prided herself on being very efficient, answering letters by return and keeping a good filing system, this proved to be a false economy.

When she thought about how many saleable items she could have spent the time making, it became obvious that it was time to employ someone part-time to do the paperwork.

She made the right choice, and Cheryl Owen is still looking after the administration.

In 1992, the birth of her daughter compelled Siddy to take on one full and one part-time assistant glassblower. But she found they quickly paid for themselves.

"Richard Price, my full-time assistant, is prepared to sit down and make 30 identical pieces. I couldn't do that – after the first three I'd get bored. Now I can market in different ways.

"The way that I saw the business developing, is that I would concentrate on the larger more time-consuming one-off pieces, whereas the more uniform pieces would be done by Richard, and my part-timer, Julia Donnelly."

Meanwhile, history could repeat itself in Europe: Siddy's brother is planning to move to Zurich.

"Once my brother is living in Zurich, I will have my base in Europe, so it will be a lot easier for me to go over there and tackle Germany and Switzerland."

■ *Alchemy Glass, Latimore Studios, North Town Moor, Maidenhead, Berkshire. Tel: 0628-39779*

Let's get down to business

Continued from Page I

tract should not be settled by murder but by a court. And a market system is embedded in a legal, cultural, and institutional context that supports its workings.

By these criteria, Russia has a long way to go on the road to a mature market system.

This is what Russians mean when they say that what they have is "a bazaar, not an economy". A body of rules and laws is yet to be written. Even lawyers are in short supply and good independent judges are even more scarce. The concept of property, fundamental to a market system, is far from worked out.

Moreover, things could go badly wrong over the next few years. Conflict between Russia and its newly-independent neighbours is an obvious risk; a severe unemployment crisis – promoted by the eventual collapse of the old military industrial enterprises – could provide fertile ground for demagogues and civil unrest. And if unchecked, crime could prevent development of the market, destroy the morale and ambition of entrepreneurs, and undermine the legitimacy of the state.

Russians themselves, we have found, are fascinated, if also amused, by the very idea of writing a book called *Russia 2010*. They hardly have any framework for thinking about the future.

Uncertainty and insecurity characterise their lives. Everything they took for granted has disappeared – economic security, the dictatorship of the Communist Party and the control of the KGB, the predictability of life and the delivery of food by the enterprise that employs them, the stupefying cant of Marxism, safety in the streets, a yearly holiday in the Crimea and the Soviet Union as a superpower.

Thus, it is hard to find anyone who will describe themselves as optimistic. A distinguished academician, who is also deeply engaged in the private sector, is asked what he expects for the future. He replied: "I think of the last line in a letter my grandfather wrote from Stalin's gulag: 'Hope for the best, and expect the worst'."

> *To understand Russian capitalism, one must look beyond the Soviet managers-turned-businessmen, and seek out younger people*

Yet it is remarkable how much has been accomplished in the brief time since communism collapsed. A driving force of change has been the voucher privatisation programme, celebrated last year in the hit song "Wow Wow Voucher". Anatoly Chubais, privatisation minister, said the objective of this hectic programme was to make the destruction of socialism "irreversible".

However imperfect, it may well have worked. Most small shops and enterprises are now in private hands and an estimated 40 per cent of the workforce now works in the private economy.

Over the next two years, the newly-elected Duma has the challenging job of privatising land, and writing the laws and creating the financial structures for a market system.

A new phase of the market system begins this month as "voucher privatisation" gives way to a system under which state property will be sold for cash. In short, despite all the dangers ahead, Russian capitalism is already a reality.

But to understand the direction of Russian capitalism, one must look beyond the "Red Barons" – the Soviet industrial managers turned businessmen – and seek out younger people, such as Ivan, who are part of a post-communist generation that will build the market society.

Ivan never knew his father; his mother was a cleaner. He did poorly at school. When Gorbachev started to encourage private business, he decided to make weight-lifting equipment.

His workshop was so low he could not stand fully upright; at night, he worked as a taxi driver to support himself. He borrowed metalworking equipment and small tools from factory workers. He began with seven employees – by the end of the first year, he had 50.

He stayed in the weight-lifting equipment business for three years. "It's difficult to be a boss," he said. "I believed in communism. I was educated in it. The feeling of comradeship was very important. But, as a boss, you've lost your chains. You have a feeling of responsibility for those who come to work for you."

Now the groups Ivan either heads or is involved with employ 3,000 people. "The fashion is over for weight-lifting," he said. "The fashion today is to work with finance and money. I now work day and night. I start at seven in the morning and go to 11 at night."

He owns his own apartment and five cars, but he keeps them locked in garages to prevent theft.

To explain how business works in Russia today, Ivan told this story: "Two people meet. The First one says: 'You want to buy a cartload of sugar?' The second one replies: 'Yes, fine.' They agree on price.

"Then the first one goes to see if he can buy a cartload of sugar, and the second goes to see if he can find some money.

"Business here is a gamble. You can make money one day, and it can all go wrong the next. You've got to risk. The biggest lesson of business for me is that you have to defend and attack."

He had a specific meaning in mind. He opened his coat, to reveal a glimpse of something that looked like a gun.

■ *Daniel Yergin and Thane Gustafson, respectively president and director of Cambridge Energy Research Associates, are co-authors of* Russia 2010, *which will be published by Nicholas Brealey Publishing on July 14 and on which this article is partly based.*

Lunch with the FT

The immaculate Lord Parkinson

*Is he a cad? Is he a dilettante? **Lucy Kellaway** tries to find out over the monkfish*

I am sitting alone at the worst table at The Square, a very expensive, very designer restaurant in St James's, London. For 20 minutes I have been trying to look relaxed about the non-appearance of my guest, filling the time wondering if baked skate wings with lemon-wilted spinach sound nicer than herb-crusted cod on grilled aubergines with cous-cous.

Eventually, I see a white head whisking past the window, and a minute later Lord Parkinson is sitting down opposite me, immaculate and apologetic.

Some say Cecil Parkinson is a lightweight, a dilettante. Others, recalling that unfortunate business with Sara Keays and the love child (which cost him the position of foreign secretary), think him a cad, a bounder.

But I have always had a sneaking admiration for this man. I remember a lunch with him seven years ago when he had just become energy secretary. We sat in the Savoy River Room, and discussed nuclear privatisation. Instead of the clichés and distracted manner you expect from a secretary of state, Cecil Parkinson seemed to be thinking about the subject, and actually listening to what my colleague and I were saying. On oil rig visits he used to work the same magic, winning round even the most surly offshore workers.

I reminded him of our previous acquaintance. He clearly did not remember me, but felt it would be ungentlemanly to say so.

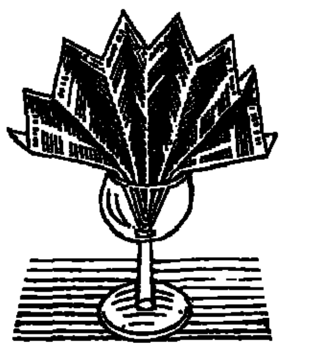
We are interrupted by the *maître d'* who suggests we would be more comfortable by the window. A delegation of waiters escorts us to the best table in the restaurant. It seems Parkinson has not just charmed everyone from Margaret Thatcher to Financial Times journalists to roughnecks, but also the entire staff of The Square.

Yet, so far, the lunch is not going especially well. He seems vague about what we are supposed to be doing and looks blank when I mention the *Lunch with the FT* series. Nevertheless, he is impeccably polite and still has the knack of appearing to give you his fullest attention.

Near our new table is a well-known journalist whom Lord Parkinson has not seen for some time. He comments that the man has lost a little hair, and got a little whiter, adding gratuitously: "When I first met him your parents were still deciding what secondary school to send you to." From most people the remark would have been crass, but Lord Parkinson just gets away with it. In spite of myself I am almost flattered when he underestimates my age by eight years, and says: "At the risk of being personal you are wearing your age a great deal better than I am."

To get the conversation on to a sounder footing, I ask him about the mess the government has got itself into. He complains that the word "mess" is a bit strong, and says the chief problem is that the public will not give the government any credit for the recovery. "The public still can't accept the government was right before we left the ERM and right afterwards. There was a total change of policy, but the government still tries to pretend its economic policies are a seamless web."

But surely Conservative problems are more fundamental than that?



Reluctantly he admits that Major *et al* have had a "poorish run", but proceeds to hand out generous bouquets to them all. "A lot of it has been unfairly personalised against John Major. I think he has a strong team and is just the man to steer economic policies through. I think Howard is a good home secretary and Hurd is obviously an excellent foreign secretary."

So far, so lacklustre: I had hoped that as a political outsider Cecil Parkinson would be more provocative. I ask him about the reshuffle, and he talks about the importance of the job of party chairman, a position in which he once shone. He bemoans the fact that Michael Heseltine, his chosen candidate for the job, has no interest in it. "Being party chairman for the next two years is infinitely more important than being president of the Board of Trade," he says.

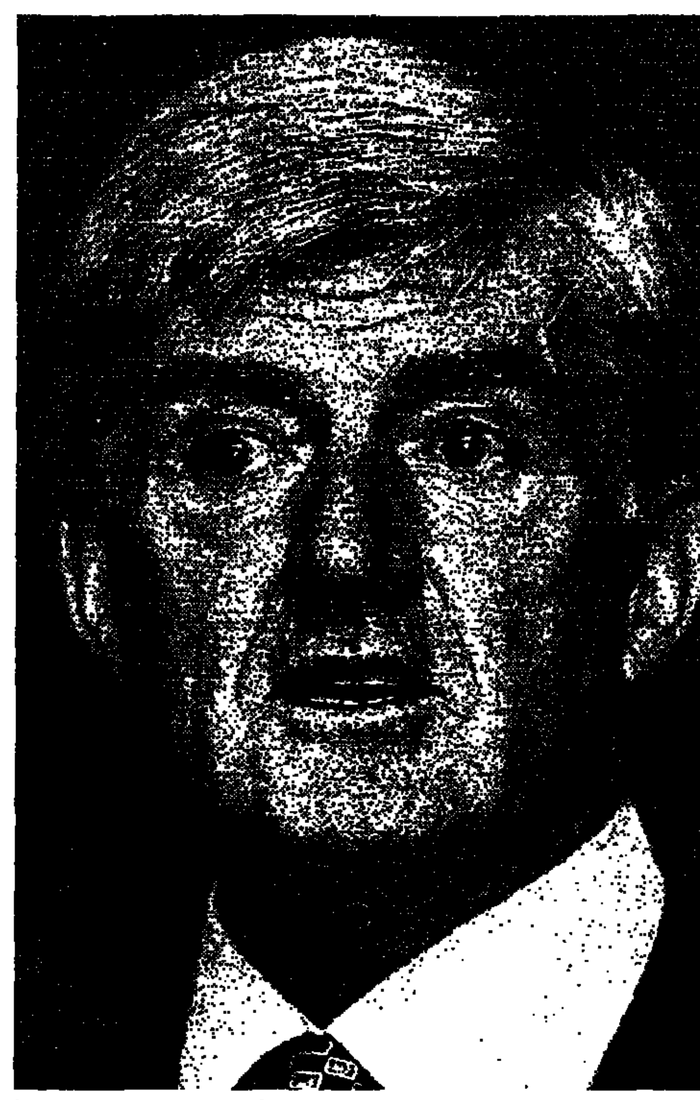
Suddenly he stops eating his salad of roast monkfish tail to give a big wave. I turn, and outside the window is a smiling woman carrying an armful of lilies. "Who was that?" I ask.

"She's a sweet girl," he says warmly, and then pauses. "You know, I can't remember her name. A very nice girl." He then proceeds to tell me with evident disapproval about a man who was a "mysterious figure who got himself quite well ingratiated with Margaret at one point. He was alleged to have played a quite major role in the miners' strike. This girl has been his partner for some years. Everyone thought they had parted, and then suddenly she had his baby."

He interrupts himself to make polite noises about how nice the restaurant is, how good the food is, and how in all the time he and his wife have been coming here they have never had a bad meal.

Acquiescing briefly, I persist with the matter in hand, and ask if the man has stuck by her. "No," he says, frowning. "He's a tricky guy."

I can scarcely credit the innocent way in which he is discussing the issue. I start to wonder how best to point out the parallels with his own situation. He solves the problem for me by spotting over my shoulder a newspaper headline screaming: "ME, WOMEN AND SEX BY ANTONY BUCK."



Lord Parkinson: never looks back, never has regrets — Tony Kirk

"Poor old Antony, he's gone completely off the rails. He became very frustrated and bitter about his career. It really corroded him. He drank rather a lot, and then he got mixed up with this awful woman."

I ask whether, because of his own past, he can sympathise with Sir Antony over this unflattering glare of publicity. Lord Parkinson turns down the invitation to be bitter himself; indeed he is admirably sanguine. "If you spend time trying to get the public interested in your views, you can't tell them when to stop their interest," he says.

We discuss whether in general he is glad to be out of the public eye, and whether his quieter life in the Lords and pursuing his half a dozen or so business interests suit him. He tells me how he never looks back, never has regrets, how relentless is the job of an MP (especially in a government with a majority of only 15).

He tells me about how wonderful it will be if some of his infrastructure projects (he is involved in the Dartford river crossing and the Midland Expressway, as well as the Channel Tunnel Rail link) come off.

"A lot of my contemporaries felt like I did, that they had done quite a stint. It was time to leave while we can still do something else. Having been in cabinet, watching the government from the backbenches is a pretty tame way of passing the time."

He admits that being in the Lords is even tamer. "It is a very charming place. I pop in once a fortnight." If he has a political point to make, these days he makes it to the media: "In a short radio interview you can get to a lot more people than in a long speech in the Commons," he says.

That is all very well, but I am left with my doubts. There is something sadder about him than there was seven years ago, as if in spite of all his protestations, he is longing to be back at the centre of things.

To judge by the brevity of the lunch, out of Parliament certainly does not mean idle. He has two swallows of his coffee, and leaves for an afternoon board meeting. Again he tells me how enjoyable the lunch has been. I hold out my hand, and he bends forward to peck me on the cheek. I pay the bill and the *maître d'* thanks me for coming and for bringing my guest.

In the next post I receive a handwritten note on Lords stationery thanking me for the lunch one last time, and saying how much he is looking forward to reading the article.

Judge not, that ye be not judged

***John Willman** has a biblical text to dispense, freely, to Mark Santer, Bishop of Birmingham*

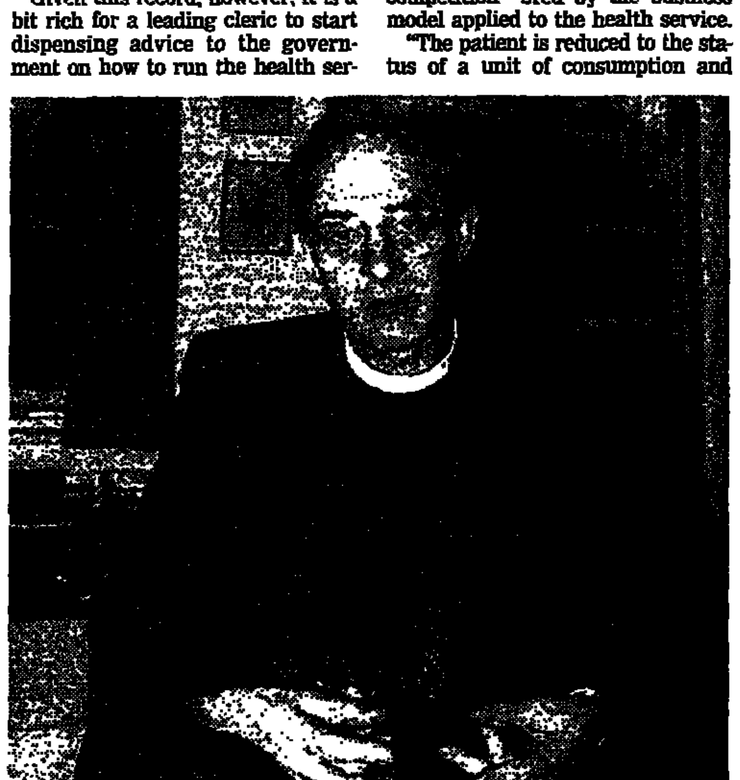
For some time, the Church of England has been a business in decline. Customers ebbing away, outlets closing, growing competition from foreign imports, disastrous investments on the stock markets leading to a serious shortfall in income. It's a familiar story.

Given this record, however, it is a bit rich for a leading cleric to start dispensing advice to the government on how to run the health service. Yet that is exactly what the Right Reverend Mark Santer, Bishop of Birmingham, chose to do last Sunday.

He told doctors' leaders that the government's health reforms were unchristian and morally wrong. In a sermon on the eve of the annual meeting of the British Medical Association, he attacked "the culture of competition" bred by the business model applied to the health service.

"The patient is reduced to the status of a unit of consumption and exchange," he said. "That in the Christian view must be wrong.

"The culture of competition has set doctor against doctor, hospital against hospital, colleague against colleague. Priorities and policies come to be determined not on the basis of human need, but in accord with the accounting policies of the National Health Service."



Rt Rev Mark Santer, Bishop of Birmingham: sermon under fire

Powerful criticisms, indeed. FT readers, no doubt, will experience an added frisson in the bishop's choice of "business model" as a term of abuse.

Yet in comparison with the church, the health service is a success story. It is treating more people every year and reducing the average waiting times for treatment. And while it is hard to be confident about the moral health of the nation, people are living longer, healthier lives than ever.

Some of the credit for that improvement rightly belongs to medical science and advances in forms of treatment. But if the government's reforms are the disaster portrayed by the bishop, then surely this would have interrupted the record of progress in recent years.

Without doubt, the health service prior to the reforms wasted scarce resources on a massive scale. This was partly because there were no serious incentives to treat more patients or to choose the most economical forms of treatment. Some hospitals treated far fewer patients than other hospitals of similar size, yet they would both receive similar funding.

As a result, people had to wait longer for operations than they do now. Worse, tens of thousands waited more than two years for treatment which their doctors did not regard as urgent, an unChristian practice that has thankfully all but ceased.

Representatives listen to speakers at this week's BMA conference — Kim Scott-Clark, News Team

Another cause of waste was that no one in the health service had an idea of what anything cost. Doctors and nurses never had to stop and ask whether particular procedures were cost-effective – or even needed. The Audit Commission found that some consultants and family doctors ordered *eight* times as many pathology tests per patient as others, for example. Money thrown away on unnecessary tests was money not available to relieve suffering.

The NHS reforms have simply tried to create a system within which those who use resources most effectively get more while those who waste them get less. The solutions are not perfect – too much power remains in the hands of bureaucrats who show a high-handed contempt for the customer, as this week's report from the ombudsman shows. But the reforms are pretty similar to what is going on in a lot of other advanced economies.

That is hardly surprising: market incentives may have some unpleasant side effects, and these need to be guarded against. But they are the best mechanism devised by man for producing desired outcomes. The lesson of the 20th century is surely that alternatives to market arrangements are invariably worse. And, bishop please note, it is the individual who suffers the most from the consequences.

Indeed, one predictable consequence of the sort of command economy that existed in the pre-reform health service was that it gave power to the professionals, rather than the customers.

A hospital appointment used to mean taking at least half a day off work to join dozens of other patients in waiting to see a doctor. Now, five out of six outpatients are seen within 30 minutes of their appointment time.

There was, of course, nothing to stop hospitals making such improvements in patient care under the old system. But in the absence of incentives to meet the customer's needs, consultants organised the hospitals to meet their needs. Another Audit Commission report found that patients were often kept in hospital over the weekend unnecessarily because the consultant was unwilling to come in on a Friday to discharge them.

The bishop's accusation that patients have been turned into units of exchange might have more force if it were not for the fact that before the reforms, they were units of treatment at the whim of doctors.

The health reforms have certainly shaken up the medical profession, and about time too. No professional group likes change (journalists are no exception either). So it is hardly surprising that the bishop has found that the reforms have been "deeply distressing" to those who are forced to change their ways.

Yet the health service continues to provide treatment according to need, largely free at the point of use – the blueprint of Aneurin Bevan, the Labour politician who launched it.

If those basic principles were to be jettisoned, Santer would be justified in his philippic. Until then, that bible text about motes and beams seems more relevant.

Truth of the Matter/**Hugh Dickinson**

Do we want religious toleration?

Fidei Defensor. Defender of the Faith. It has the chivalrous ring of authentic heritage. Even these new-fangled decimal coins with their angular shapes and banal names are lent a spurious air of history.

A 20p piece. Huh! Where is our golden ducat, our crown, half-crown or florin? Where our angel or our guinea? Where is our sovereign? Even the humble shilling had its history. *Fidei Defensor* lends a kind of continuity to the currency between Henry VIII and Charles III. But does it mean anything?

The faith Henry was defending was the unreformed Roman Catholic Christianity of the early 16th century. He published a tirade against the Protestant Christianity which was sweeping through northern Europe and won the Pope's accolade.

Since, frankly, it has been something of an embarrassment for the head of the Church of England, which so staunchly rejects Papal claims. Most people assume it means the duty of the sovereign to defend the established church.

In these more liberal and ecumenical days, of course, The Faith no longer means the doctrines of one particular Christian denomination. It is far more likely to mean Christianity as opposed to the "other faiths" – Islam or Judaism or Buddhism.

But the future Charles III now wants to broaden the scope of *Fidei Defensor* still further to embrace all religious faiths. Defender of Religion is his preferred role.

The sentiment is fine, well-tuned to the liberal tolerant society we would like to become. But what, in practice, can it mean?

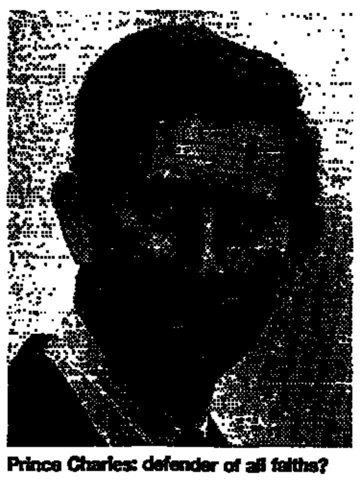
Parliament can make laws against religious or racial discrimination or – possibly – against blasphemy (which are incidentally difficult to enforce), but what can a single person with a royal role do to "defend" all religions with conviction and impartiality?

Elizabeth II, our present monarch (may her reign be long and glorious) has not taken a notably active role in defending the Christian faith of the Church of England against its enemies, internal or external. True, she sets a good example by going to church.

However, Elizabeth I was far more pro-active. A doughty scholar and theologian, she was well up to rebuking prelates in public or preachers in mid-oration. We are used to smooth prevarication about contentious issues; Elizabeth would have been robust in her comments on the ordination of women and forthright with Dr David Jenkins. She would have been scathing, no doubt, with "Jews and Infidels".

Such royal intolerance would be intolerable today. But is tolerance what we want in Britain? Do we want our head of state to be tolerant of a religion which demeans and oppresses women? Or one which inflicts "cruel and inhumane" punishments in defiance of a UN Declaration of Human Rights? Or one which issues *fatwahs* against a British citizen and forces him into hiding?

Secular humanism is a kind of faith; so is Scientology. Roll up all Moonies. I wonder what *Fidei Defensor* could do in Northern Ireland? The essence of many faiths is their claim to exclusive truth and hostility to other faiths. How will *Religionis Defensor* cope with that?



Prince Charles: defender of all faiths?

For religions are not like ice creams, different flavours for different tastes. We may hope for a time – it is centuries away I fear – when there will be sufficient convergence in the self-understanding of the great faith traditions for tolerance without compromise to be a real possibility. As things are, there are seemingly unbridgeable gulfs of both belief and practice and a growing paranoid fundamentalism.

For the leaders of the different faith communities to have "access" to the Crown, as Prince Charles suggests, would no doubt signal publicly that they are here to stay. But that could be arranged tomorrow by suitable invitations and no implicit comment on their relative acceptability need be inferred.

The Establishment of the Church of England is a rather different matter. The Queen is also "head of the church", but establishment reaches in intricate ways into many other areas of public life, into the law and parliament and education and on into our common rites of passage and the parochial system. Arguably the crown could abandon that title without unpicking the whole complex interweaving of church and state.

But if the object of the exercise is to declare an intention to defend the free exercise of religion in our society she should be doing that as a matter of principle as head of the church. For the Church of England is theologically committed to religious toleration; our own Bishops have frequently been eloquent advocates for the rights of other faith communities.

In Northern Ireland the Church of Ireland has struggled to bridge the gap between Roman Catholic and Protestant communities. As head of the church the Crown is no less free to be the advocate of other communities than it is of the Church of England.

Disestablishment offers no extra freedom of action to the crown. It is arguable that it offers the church more than it offers the state – principally visible freedom to choose and appoint its own bishops and deans. On the other side it is likely to weaken the monarchy by cutting the last vestiges of sacral legitimation which the coronation and all the great state rituals in Westminster Abbey and St Paul's still symbolise for a majority of the British people.

Messing about with the currency, or the Royal Mail, is deeply unpopular because, at a gut level, people feel they are organic to our national identity – veins and arteries to our connectedness. The Queen's head on our coins and postage stamps says something reassuring to the average person.

Having her as head of the church may serve a similar function – not only for members of the C of E but for other Christian denominations, other faith communities and for the large majority who do not want an atheistic, secular republic.

As Dr Jonathan Sacks, the Chief Rabbi, pointed out, the Establishment of the C of E is a guarantee for Jews as well as for Sikhs and Moslems that the state is constitutionally committed to safeguard basic spiritual values and the common moral decencies to which most religious communities subscribe. If that is the price we have to pay for the humiliating business of having the prime minister advise the Queen on the appointments of bishops and deans it is a price I, for one, am willing to pay.

■ *Hugh Dickinson is Dean of Salisbury.*

TRAVEL

Hit by Berlin's hammer blows of history

***Adam Hopkins** grapples with a city's painful but fascinating past and finds a great deal worth exploring in the eastern areas*

We left the cabin window open so as to hear the ducks and moorhens – also the S-Bahn trundling over the iron bridge across the Spree. For this, after all, was former East Berlin, and the hotel we had chosen was a riverboat, retired from many years of service on the Rhine and the Moselle.

The waterbirds woke us daily before dawn, complaining and racketing about. But the S-Bahn trains soon sent us back to sleep, pulling up in soporific succession at Treptower Park, gateway to acre upon acre of anonymous housing blocks and the huge Soviet war memorial hidden within the urban forest of the park.

The Victoria Hotelschiff, our temporary home, was moored on the Treptower side. Away among the trees behind us we could almost feel the ghostly presence of the thousands of young Soviet soldiers killed in the last days of the second world war and buried here, surrounded by the marble pomp of their own empire, Babylonian in scale.

Stralau lay on the far side of the water, an industrial peninsula in the watery maze of east Berlin. From the saloon where we took our breakfast of herring and rye bread, it seemed to be full of abandoned vehicles and defunct factories – its demise a product not only of 40 years of socialist economics but, more immediately, of the rupture of the Wall in 1989.

Berlin is a place that hits you every way you turn with the hammer blows of history, remote or recent, painful, fascinating, forcing you always to grapple with both the city and yourself. The physical situation of the Hotelschiff ensured that our reactions remained at the customary high pitch induced in most visitors by Berlin.

What is more, we had a mystery on board, the kind you become aware of little by little ... shadowy figures sitting on the river wall when nobody was looking, two young girls seated on a descending stairway, comparing rings and giggling and turning their faces away, a drift of cigarette smoke from an unexpected quarter, the sound of card-players below.

So tantalising grew the presence of these other, unacknowledged denizens of the riverboat – clearly not ordinary guests – that we finally plucked up courage to ask about them. Yes, as we had secretly suspected, they were Bosnian refugees on an indefinite stay, their cabins paid for by the powers-that-be.

The refugees seemed entirely fitting both to the oddity of our arrangements and to the kindly face which Berlin, paradoxically, has often shown to refugees and strangers.

Be it said that during our week deep down in the old east, we never once caught sight of a skinhead. On the contrary, we made a friend, and a more agreeable and kindly man you could not hope to meet – Lothar, an unemployed translator of Portuguese. Once, he said, it had been a useful language in the liberation struggles of Angola and Mozambique; now it was less urgently required.

He took us home to meet his wife and children in their cosy, book-filled flat, walking over the iron bridge across the Spree in darkness and past the corner where the cars slow down, thus giving the local prostitutes – high boots, tiny skirts and wild blonde wigs – a chance to interview potential punters.

Where the Spree turns into Osthafen, the old industrial harbour, full of latter-day dereliction, there is now a Chinese restaurant, its cheery windows lending an unexpected exoticism.

"Even though I've lost my job, I would never go back to the old situation," says Lothar. "Never, ever. Freedom of speech, freedom of movement, these are too important."

Heike, his wife, gave us fried bread-balls with mincemeat in the middle, the children were put to bed, and the little home seemed to radiate peace and even hope.

For ourselves, during the daylight hours, we would take the clanking S-Bahn back into the city centre, to Mitte, heart of the old east, exploring with new eyes from this entirely changed perspective.

Homing in on the old centre, we marvelled at the great grey bulk of east Berlin, like an untidy rug thrown down across the lakes and waterlands of Brandenburg. What an astonishing hive and hubbub of industry there must have been here once upon a time. And what a fearful aberration to build, however well-meaningly, the huge, unornamented, desperate housing blocks of socialism.

Yet exploring among the inner districts of the centre, more intimately than we had done on previous, west-based, visits, we were struck repeatedly by how much of the grander domestic architecture of old Berlin survives.

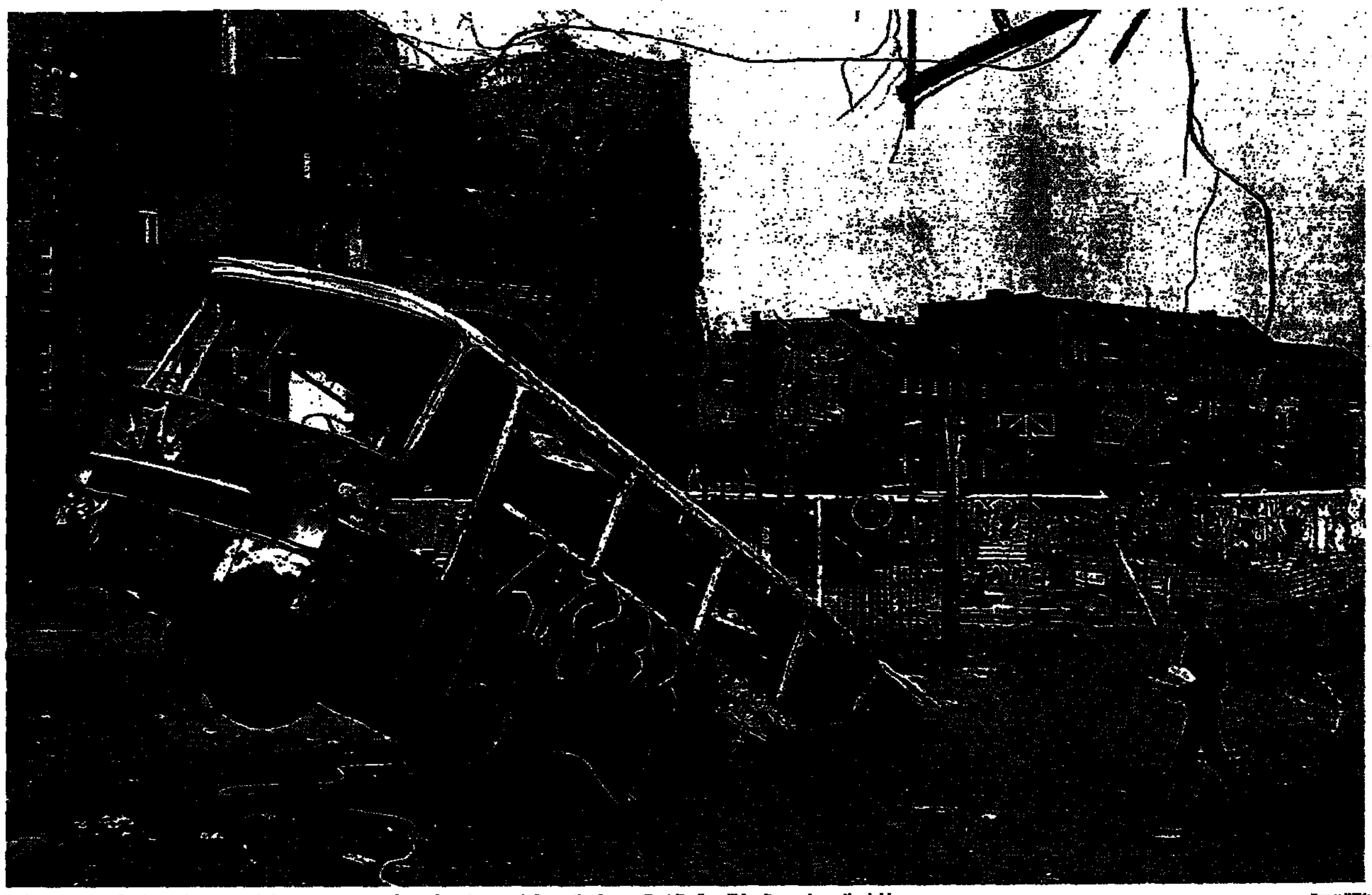
Unter den Linden, with its majestic, oversized Prussian public buildings, has long been restored, or mostly so, as has the elegant Nikolaiviertel hard by. But go up to Prenzlauerberg, where new arty cafés are sprouting like nobody's business, and you will suddenly see that houses here and there along wide streets – Rykestrasse, for instance – are starting to be done up, revealing a grace and amplitude previously hidden by decay.

The same is true round Oranienburger Strasse, in the area the tourist board is pleased to call, with doubtful historical accuracy, the Scheunenviertel. (The real thing was a little further up: the one-time jam-pocked, crime-prone, slum and ghetto-district celebrated in Alfred Dohlin's great 1920s novel, *Berlin Alexanderplatz.*)

Meanwhile, in the "new" Scheunenviertel, the catalyst has been the rebuilding of the grand New Synagogue and the takeover of such huge and gaunt old factories as the Berolina Margarinefabrik in Augustrasse as artists' co-operatives and so forth. Trendy cafés abound in this district, too, serving breakfast to sleepy customers all day long on Sunday.

There was, we felt, an enormous amount worth exploring in the east, quite apart from the grand imperial museums and architectural set-pieces.

It may have been the Victoria Hotelschiff that did it, or meeting our new friends on the Osthafen. Or, for once, it may have been objective observation. But we certainly felt that it is former east Berlin – and not the west – which now holds most of the cards and, little by little, will start to lay them on the table.



Sights of eastern Berlin: sculptures made by squatters on a piece of wasteground. Soon, the former East Berlin will lay its cards on the table Fergus Wilde

■ *Lufthansa (tel: 0345-737747) flies from London Heathrow, £140 return for a stay that includes Saturday night. The Victoria Hotelschiff is at Puschkin Allee 16/17, Am Anleger 3, 12435 Berlin, tel: 010-49 30 272 370. A cabin for two costs £85 per night; cheaper at weekends.*

WINE

A look at the crystal ball

***Jancis Robinson** reports from beleaguered Bordeaux*

The Bordeaux wine trade, plagued by *la crise (economique)*, a run of three difficult vintages, and accusations that its basic bread-and-butter bottles could do with at least a smear of nice fruity jam to attract the modern wine drinker, has been sleeping a bit easier since June 25.

At this year's exceptionally soggy *Fête de la Fleur* at Château Lilian Ladouys in St Estèphe, one of the guests honoured with the pomp and crimson velvet traditional at such gatherings was France's clairvoyant, Madame Yaguel Didier. Asked to forecast the quality of the 1994 vintage, she wisely predicted: "It will be a great, great year."

The Bordelais need a vintage of irresistible quality, and the vine flowering, which the *Fête de la Fleur* celebrated, did nothing to preclude such an outcome. But international competition has never been tougher – even Bordeaux's own airport café, Le Millésime, is committed to a festival of beers of the world.

The Bordeaux trade still has an embarrassing amount of the light 1992 wines and the better 1993s to sell, even at classed growth level. And in the all-important lower ranks, which represent the bulk of Bordeaux's produce and the world's greatest single unit of controlled *appellation* wine, far too many of the region's thousands of wine producers still believe that the name Bordeaux is sufficient to guarantee them a sale (which it is – in France).

The merchants' problem has been to energise and educate these smallholders, to convince them that it is worth cutting yields, harvesting later, improving vinification techniques, and generally keeping up to scratch with international competition in order to sell outside France.

Increasing numbers have seen the light, but they represent a small minority. The difficulty for the consumer is to identify, from thousands of labels, which generic bordeaux and *petits châteaux* reds can now deliver fruity, supple, exciting wines that are so much more attractive than the unappetising combination of vapidity and tough tannins typical of basic Bordeaux wines made in the image of the great classed growths.

Even Hugues Lawton, seventh generation Bordeaux wine merchant and one of the city's most respected figures, admits that at *petit château* level he finds it impossible to tell the goodies from the baddies by the label.

Bordeaux does have many good value reds to offer, however, with considerably more subtlety than many of their New World price counterparts. Now is the time to stock up on the attractively plump and well-balanced 1990s in order to sit out most 1991s and 1992s (see box, next page, for specific recommendations).

Weighed against this vintage character argument, however, is the fact that winemaking techniques are improving all the time. A recent tasting of 1990 crus bourgeois in London, for example, showed that a good number even of these properties, wedged promisingly between the classed growths and the *petits châteaux*, are asleep at the wheel.

Of the 40 wines shown, only nine – Chx Biston-Brillette, Deyrem-Valentin, La Tour de By, Lamothe-Cissac, Lestage, Lilian-Ladouys, Mayne-Lalande, an oaky Poujeaux and Tour-Haut-Caussan – convinced me that their owner or winemaker realised how competitive the market is.

As for the Sauternais, life is bleak. They too had an exciting run from 1988 to 1990, but very little sweet wine was made in 1991, and practically none in 1992 or 1993. It is they who must hope most fervently that Madame Didier has a direct line to the future.

From rags to riches in the high Alps

Head north from Verona and the transition from lowland Italy to the Alps begins at once. The hot plains crumple into mountains and valleys; the air becomes sharp and clear. The cypress trees and vines are eclipsed by pines. Geraniums line the balconies and gothic script appears on white-washed walls. There is an onrush of *gemütlichkeit*.

Gemütlichkeit comes as a bit of a surprise in Italy. I have always associated that particular brand of cosy hospitality with the Germans, but perhaps it is more an alpine thing.

Admittedly, part of the Dolomites used to be German – until the end of the first world war the South Tyrol, as the name suggests, used to be part of the Austrian empire – and so the German influence has probably had its effect; but the Italian speakers in the mountains above Venice have a similar way.

It was mid-evening on a cold September night by the time I found my way into the Val di Fassa in the high Dolomites, but there was time for a bite before the band struck up and the assembled company started to sing along to the accordion music. Auto-suggestion had me ordering a beer, although I discovered that the usual drink thereabouts is wine.

I joined in the spinning top games and sang along for a bit. I have not been that keen on singing since I was asked to stop in a music lesson at school, but it was a friendly crowd, mainly Italians and Germans, and it was easy to join in.

The Dolomites are a ragged interface between the two languages. This is true both of the original inhabitants and of the tourists that you now see in the resorts. Surprisingly, there is another, uniquely alpine language wedged between them in the high Dolomites. Ladin descends from the tongue of the original, Celtic inhabitants of the Alps, mixed with colloquial Latin and left to crystallise for centuries.

The Ladin people of the Dolomites were marginalised by the main European nations, as they were elsewhere in the Alps (the fourth language of Switzerland, Romansch, is related to Ladin). They were squeezed into five of the highest and remotest valleys. Tax collectors and bishops' envoys were sent to visit occasionally, but generally the inhabitants were left to lead a poor existence as farmers.

The last two generations, though, have seen more change than the previous centuries. Like so much of the Alps, these high Dolomite valleys have been transformed from one of Europe's poorest regions into one of its most prosperous. The farm plots have been sold off to provide holiday villas and second homes and the cowherds have become builders and hoteliers.

With the exception of Cortina, the Dolomites are not that well-known to the British, but have been discovered by the Italians and the Germans, who arrive in their bus-borne hordes.

September is between seasons: the summer walking is just about over and the snow has not yet arrived. It was odd to be in a ski resort out of season. Even the noises were different without snow to damp them, although the river still roared in the valley bottom.

***James Henderson** enjoys the unique Ladin mountain scenery and culture*

The nights were already cold and there was a familiar skiing pleasure in emerging from the *stua* (a Ladin adaptation of the German word *stube*, the hearth of their hospitality) into the night air for an evening walk.

The mountains stood out strong and white in the moonlight high above the valley floor. Instead of the typical triangular alpine peaks, the Dolomites are vast stacks of white limestone that stand in clusters like craggy teeth.

The off-season is quite a good time to see the Dolomites. The colours of autumn are exquisite, and the mountains looking their best. In the long, angled light of sunrise and sunset they glow an extraordinarily vivid pink. To my mind the Ladin mountains – the Sella, Marmolada and Rosengarten – are some of the most beautiful in the Alps.

In times past, before the tourist hordes arrived, Ladin life was governed by saints' days and the seasons of cattle herds. Summer was spent gathering hay on the high slopes and cutting wood in preparation for the long winter. When the cold weather came, the villagers withdrew to the valley floor.

Here they stayed in small clusters of buildings scattered a mile or so from one another. Each has a tall, white-plastered, communal house for four or five families, surrounded by a collection of barns, one for each family.

The hay was kept upstairs in the barn, providing insulation for the cattle and easy accessibility when it was pitch-forked down to them as feed. Ladin proverbs tell of life's rhythms: rain on St George's day is supposed to bring another 40 days of winter.

In Val Badia, another Ladin valley, I stayed in a small town called San Cassiano. Once again the welcome was courteous and hospitable. San Cassiano sees some fairly well-heeled travellers, so there was less singing and more subdued chat in the bar. The Ladins were lamenting the lack of television time they were permitted in their own language, and told of the problems of political self-determination (their valleys are divided between different districts of Italy).

I took a day's walk up into the high meadows, where the richest grass grows and where the villagers take their cattle for the summer. The path followed an old route to a tiny chapel just below the massif. Each year on the first or second weekend in June, the villagers carry a statue of Jesus on the cross and place it above the altar in the chapel.

I set off with a slow and steady mountain plod, climbing gradually though the pine forest and along the switchback paths. The ground was steep; it must have been hard climbing for the farmers, loaded up with provisions. At intervals there were crucifixes at the roadside, the stations of the Calvary, placed so that walkers could pause for breath at the same time as offering devotions.

When I reached the high pastures, the meadows were dotted with wooden barns where the hay was stored and dried. High mountain grass makes the finest hay because it is free of fertilisers and full of flowers, among them arnica. An old farmer who was clearing up before the winter explained that it was very good for rheumatism. He looked spritely enough. It has become popular to have treatments in a bath of the grass in some resorts; there is even an EU-sponsored project to investigate its efficacy.

A village house in Italy's transformed Dolomites region — James Henderson

The farmer told me that when he was young he came up here for the hay-making season. It was their summer holiday in a way. After the evening meal, understandably cooked in separate kitchens, everyone would get together in one barn and tell stories, before burying themselves in the hay to go to sleep. There were a lot of tourists now, he said, perhaps too many.

Remembering how hard the climb had been, I said that it must be a difficult walk for him now, but he laughed and said that he drove a pick-up truck nowadays. He asked if I had come up on the chair-lift? It seemed unjust suddenly to discover that I had been labouring uphill almost directly beneath a chair-lift.

■ *James Henderson travelled to Verona with Meridiana, which flies daily from Gatwick (reservations: 071-839 2222). A car was loaned by the Italian hire-firm Maggiore (UK agent: Trans-Hire, tel: 071-978 1922). Small cars start at about £210 for a week's hire, all-in.*

The spoils of archaeology

***Patricia Walker** discovers the ancient delights of modern Syria*

In the 1930s Agatha Christie voluntarily played second fiddle to her archaeologist husband, Max Mallowan, when she accompanied him to Syria in his quest for artefacts of the past. At the end of each dig, when the local workmen had been paid off, Agatha and Max agonised over the division of the spoils.

One half they could bring back to Britain; the other was claimed by the French authorities on behalf of Syria's museums. The form was long established: Agatha and Max divided the shards, ornaments, pieces of jewellery and small statues into two piles, knowing there would be no quibbling about the content of each. The French official, advised by his wife, would scrutinise the piles, point to one and have it removed intact.

The dilemma for Agatha and Max was in the dividing. Whichever pile was chosen would inevitably be the wrong one. It would contain something they desperately desired.

Today's visitors to the museum at Aleppo, in northern Syria, can assess for themselves the French official's judgment. Here are Mallowan's discoveries – unpainted pots and decorated jars from the 3rd millennium BC, a golden altar frieze, jewellery of precious stones, gold and silver.

Such is the power and presence of the past in today's Syria that the comfortable coach for internal travel, and the top-class hotels with the very best of 20th century facilities, become incidental to the monuments of a civilisation stretching back to the 10th millennium BC, believed to be the date of the earliest alphabet, recorded on tablets discovered at Ebla, south of Aleppo.

In the Roman city of Bosra, 3,000 men, women and children continue to live with their animals among the basalt ruins. Elsewhere, the city would be fenced off and tourists charged a fortune to wander its streets. But in Bosra chickens and turkeys scuttle through the agora and goats survey visitors from the ramparts of the Arab castle.

Children, hoping for the gift of a pen or a boiled sweet, emerge from the canvas coverings which act as front doors to their homes among the ruins.

On the street stretching the width of the town, from the Nabataean Gate to the Gate of the Wind, women and children queue outside the bakery for the flat Arab bread they carry home piled high on their heads.

Following T.E. Lawrence's route from Aqaba to Damascus, the signposts point left to Beirut and right to Baghdad. The abandoned, half-built houses lining the desert road belong to the Bedouin semi-nomads, who construct frames of stone and wood and fling canvas over to make the roof and walls.

The families had moved on, taking their canvas with them to the next semi-structure on their route. Eventually they would return. Further on, the true Bedouin in their canvas tents signalled that in exchange for cigarettes we could take their photographs.

At Palmyra, a man sat cross-legged on a hillside looking down on the ruins of the 2nd century city still known by locals as Tadmor (city of dates).

Around him his sheep gazed, too, at us and at the temple columns, the monumental arch, the remains of the bath house and the rows of seating leading down to the orchestra of a theatre whose white stone turned pink in the setting sun.

An oasis in the Syrian Desert, mentioned in tablets as early as the 19th century BC, Palmyra is there for us still, to clamber over, photograph and savour. Its guardians regard it without awe. Our coach – the only one on the vast site – raised dust and stones as it left the track and headed through the ruins to the entrance of the hypogeum; in the museum the curator invited us to touch the exhibits, to prove that the statue was of a blind man whose eyes definitely lacked pupils.

Part of the Roman road which once stretched from Antioch to Aleppo remains, and the desire to step on it is irresistible. From nowhere appear small children, clutching gifts of wild flowers: purple and red poppies which flourish in the cracks between the blocks of stone. The blocks had been cut about a metre square by the Romans or their slaves and placed side by side on top of the desert scrub. Amazingly, the road is not straight.

Olives grow in abundance, along with almonds and pistachios. But it is the olive and its oil which are special to the Syrians who, for 5,000 years, have understood its worth as a foodstuff and its usefulness – when boiled – for keeping enemies at bay.

The guide at the Crac des Chevaliers pointed with delight to the many nooks and crannies from where boiling olive oil was dropped on intruders by the Crusader knights, intent on controlling trade from the ports to the Syrian interior.

The Crac, dramatic in its domination of the only gap in a 250km mountain range stretching from Antakya in Turkey to Beirut, housed a garrison of 4,000 when the Crusaders built it in 1150. It is extremely well preserved and, apart from later additions in Frankish and Arabic styles, would probably be recognised today by one of the 4,000.

Saint Simeon's monument to

excessive piety, the pillar on which he lived, ate (once a week only, and then sparingly) and slept for 40 years, is crumbled and shortened by time, set among the ruins of the serene and beautiful Monastery of St Sergius and Bachus – a place in which to linger and not to ponder on how a man copes with the practicalities of living 13m above the earth, perched in the open on a pillar at best 1m square.

In the old city at Damascus a young man approached and invited us to tea in a café where, he promised, a story-teller was due to read tales from *One Thousand and One Nights*.

Inside, a large man wearing a gold turban and braided jacket sat on a high chair reading from an ancient parchment. The audience – all men, apart from me – listened intently, smoking their hookahs and drinking tea from small glasses.

With no knowledge of Arabic, we were caught by the atmosphere as the story-teller's face, arms and voice dramatised events.

The souks at Aleppo and Damascus cater for modern-day shoppers. Merchants of silk, silver, gold and semi-precious stones tempt you to their stands with offers of tea and a sit-down. Mostly, they want to practise their English and discuss the fortunes of Manchester United. Bartering is expected and one-third off the asking price is the usual compromise.

Confronted with the present, it was hard to ignore the missiles on the border roads as we drove parallel with the Israeli border from Jordan into Syria, and we noticed that our guide preferred questions about the ancient world rather than the modern.

Flying in at night on a Royal Jordanian aircraft, it was impossible to distinguish the lights of Aqaba from those of Eilat. The irony was not lost on us. Throughout the flight the route had been displayed in the cabin, using a map on which Israel did not exist.

Affordable claret

Traditional British wine merchants – notably Adnams of Southwold, Suffolk, Corney & Barrow of London EC1, Harveys of Bristol, Lay & Wheeler of Colchester, Essex, Peatlings, of Bury St Edmunds, Suffolk and The Wine Society of Stevenage, Hertfordshire – tend to offer more exciting *petits châteaux* red bordeaux than the supermarkets because of their long relationships with Bordeaux merchants.

Waitrose, however, has the richly plummy **Château Les Tonnelles de Fronsac 1990**, at £4.99, and the creditable second wine of a fifth growth Médoc in **Baron Villeneuve du Ch Cantemerle 1990** at £7.95. (In very general terms, such "second wines" are generally worth buying only in good vintages such as 1990s.)

Oddbins has a particularly good selection of red bordeaux under £10 a bottle with a list full of plums, while Thresher/Bottoms Up/Wine Rack wine shops are good on the Lurton family's well-made wines.

Another family whose name spells wine quality is **Thienpont**. Their juicy but structured Côtes de Francs wines are still good value and are available from Tanners of Shrewsbury, Shropshire, and Seckford Wines of Ipswich, Suffolk.

Specific goodies from Oddbins include **Ch Tour de Mirambeau**, £5.29 and the blended **Michel Lynch 1990**, £5.99, a Mouton Cadet trying harder if ever there was one; and the daringly opulent **Ch Lilian-Ladouys 1990** at £9.99.

Majestic wine warehouses have long stocked **Ch de Sours** (the 1990 is £5.79) and **Ch Méaume** (the 1990 is £4.99), both made energetically by Englishmen keenly aware of the demands of the wine world outside Bordeaux.

Thresher/Wine Rack/Bottoms Up's best buy is probably the peppery **Ch Guibon 1992** at £4.69, and oak fans will enjoy Peter Sichel's **Sirius 1990** at £5.99.

Two wines made by the owner of the celebrated Ch Le Tertre Roteboeuf, with ambition and technique that completely ignore their humble appellations, are **Ch Roc de Cambes**, £8.73 from Corney & Barrow, and the cheaper **Domaine de Cambes**, £66 per case ex-cellars from Mark Savage, Guiting Power, Cheltenham (0451-850896).

Other names worth looking out for include **Chx Côte-Montpezat, Fontenille, Le Grand Verdus, de Haux, Jonqueyres, du Juge, Lassime, Monbadon, Parenchère, Suau and Turcaud**, as well as **Domaine de Courteillac**.

☐ An error in transmission meant that we gave the wrong price for New Zealand wines mentioned last week. Top bottlings of the Sauvignon Blancs, including Cloudy Bay, Hunters, Jackson Estate, Vavasour and Wairau River, are all *under* £10 a bottle.

Great British Eating

A question of character

***Nicholas Lander** meets a couple who have won their first Michelin star*

Throughout the world the restaurant industry attracts more than its fair share of personalities – men, and increasingly women, who are prepared to put up with the anti-social hours and unpredictable financial reward to feed their fellows.

In Britain we feel that most of these characters exist outside our shores. The typical, unforgettable chef or restaurateur is French, Italian or Spanish.

In fact, the British restaurant industry is replete with characters. And, in many respects, their achievements are even more admirable because few have inherited renowned family restaurants and many have had to labour for years to convince the local population that the best-prepared meals come neither instantly nor cheaply.

Around Britain a roll call of such individuals would include: Joyce Molyneux at the Carved Angel, Dartmouth, Devon; Tessa Bramley at The Old Vicarage, Ridgeway, Derbyshire; Rick Stein in Padstow, Cornwall; the McCoy brothers at The Tontine, Staddle Bridge, North Yorkshire; Barry and Dorothea Phillips at The White Horse Inn, Chilgrove, West Sussex and, in Scotland, David and Patricia Wilson at the Peat Inn, St Andrews and Betty and Graeme Allen at the Airds Hotel, Port Appin, Strathclyde. And for a good food and comedy double act, Melvyn Popham and Dennis Hawkes at Pophams, Winkleigh, Devon.

Any such list should also mention Harry and Caroline Hallam.

Harry, from Lincolnshire, spent the first 20 years of his working life as a baker. He has spent the last six climbing the culinary league tables winning his first Michelin star earlier this year.

His wife, Caroline, has played an equally important role in Harry's Place, their restaurant and home, opposite a pub and social club in Great Gonerby, just outside Grantham, Lincolnshire. It seats no more than 10 diners and is dedicated to quality. So why do they do it and does it pay?

Harry, 47, says: "We do it because we want to create the kind of restaurant we would love to go and eat in ourselves. Unfortunately, because we don't employ anyone else, we can't. But for me, as a self-taught chef, the big thing is that in this profession I never stop learning. That makes up for the lack of money. We don't actually pay ourselves a wage. Everything is for the business. We pay our bills and what's left over is for us."

Harry and Caroline Hallam: convinced of the virtues of quality — Jeff Jones

The pleasure of enjoying Harry's cooking and Caroline's service is enhanced by the attention to detail: lilies, pot pourri and ivy on the tables; lace table mats; bone handled knives from a canteen that belonged to Harry's grandmother; and comfortable bergère chairs that would last no more than a week in a more hectic setting.

Our lunchtime menu choice was taken from: fish soup with an anchovy rouille; a pastry case filled with a poached egg gratinéed with hollandaise; fillet of sea trout with sorrel; Lincolnshire pigeon breasts with lentils; cheese; hot apricot and cognac soufflé; and caramel mousse brulée.

The bread, a malted wholemeal which Hallam bakes twice a day, and the *ameuse geule*, emphasise Hallam's talents.

An essential factor in their early survival, the Hallams admit, was an understanding bank manager. "He was the most wonderful man who believed in us and wanted us to succeed. After he retired he used to come in here and help us with the washing up, unpaid of course. Later, when he was in hospital we used to smuggle in Harry's lemon tart to him." They add, regretfully, that the new manager has yet to go and eat there.

"Although we had always dreamt of our own restaurant we didn't want to do it until our daughters were in their teens. Looking after customers and small children must be just too demanding. But now every week we get letters from customers who say how much they have enjoyed coming here and talking to us. They usually end by saying that they do hope they haven't kept us up too late," says Caroline.

After six years in Great Gonerby, the Hallam character and style are beginning to be appreciated. One customer told me: "I ate here on the day it opened and I must have eaten here 70 or 80 times since. I have eaten all over France and I reckon Harry is the equal of the best of them." Praise indeed.

■ *Harry's Place, 17 High Street, Great Gonerby, Lincolnshire, NG31 8JS. Tel: 0476-61780. Open Tues-Sat, lunch and dinner. Reservations only. £35 per head, excluding wine.*

Tricolori wave the flag of national pride

Virginia Marsh in Bucharest describes how Romanians are greeting their team's success

Whatever the outcome of tomorrow's quarter-final against Sweden, it will be a long time before anyone in Romania forgets this year's World Cup.

The success of the Romanian team, which went to the US as a rank outsider, has at last given this Balkan country something to celebrate after nearly five years of bruising market reforms and rising poverty and crime.

The whole country seems to have been caught up by soccer fever. With each victory, more and more ecstatic Romanians have taken to the streets and danced till dawn in the biggest demonstrations since the overthrow of Stalinist dictator Nicolae Ceausescu in 1989.

"*Olè, ola.* We'll beat Sweden too. Argentina has said good-bye. Romania will take the cup," jubilant crowds in Bucharest chanted after their team's 3-2 win against Argentina last Sunday. Hundreds of thousands of fans, many carrying the Romanian flag, cavorted through the centre of the capital for several hours, beeping car horns, jumping into fountains and using dustbins as drums.

Riot police were used to keep wild fans out of the Bucharest embassies of those foreign countries unlucky enough to lose to the *Tricolori*, as the team is known locally. Romania's leaders have cashed in, giving lengthy television interviews on soccer tactics and firing off telegrams to the US to congratulate the team on Romania's greatest sporting success since the victory of gymnast Nadia Comaneci in the 1976 Olympic games.

"Our dear ones, no-one can describe the immense joy you have brought to the souls of the Romanians in that memorable night of July 3," Prime Minister Nicolae Vacaroiu, an ardent soccer fan, wrote to the team after last Sunday's victory.

Amid reports of Romanians of all ethnic backgrounds embracing each other after the match, President Ion Iliescu spoke glowingly of a "national consensus" created by the victory.

The team – led by Gheorghe Hagi, an ethnic Macedonian – reflects Romania's diversity and also includes representatives of the ethnic Hungarian, ethnic Serb and Gypsy minorities.

Above all, politicians regard the team's performance as a public relations coup. "You have made a whole country happy, and, much more, you have made great propaganda for our beloved homeland," the prime minister told the team.

Government officials say they hope the world will in future think of Romania as a land of soccer stars rather than of club-wielding miners, inter-ethnic violence and Aids-infected orphans – the images which filled the world's press in the aftermath of the 1989 revolution.

Bursting with pride at Romania's three victories to date and at the torrent of international coverage they have provoked, local newspapers are reprinting stories about the team and its stars which have appeared abroad. Throughout the tournament, the top-selling Evenimentul Zilei (Event of the Day) has dedicated eight of its 12 pages to the World Cup. Other news, such as this week's parliamentary vote on impeaching President Iliescu, have been squeezed off the front pages by soccer.

For the Romanian press, captain Hagi, 29, the most capped player in the team and scorer of three of Romania's eight World Cup goals, is the team's undisputed star. "Hagi for President", read the headline in Evenimentul Zilei after the match with Argentina.

Next in admiration come midfielder Ilie Dumitrescu – "a flash of genius, a devil named Ilie" – who scored twice in the same match, and manager Anghel Jordanescu. These three, like many in the national team, share a background at Steaua Bucharest – Romania's top club since the mid-1980s.

In 1986, Steaua, with Jordanescu as player and assistant coach, beat Barcelona to become the first team in what was then the East Bloc to win the European Cup.

Until 1990 only a few Romanian players were allowed to play for foreign clubs. But since the fall of communism, footballers have become a top export.

After a good performance in the World Cup in Italy, where Romania reached the second round, most of the country's best players won lucrative contracts at top European clubs, including Real Madrid, AC Milan and PSV Eindhoven. Eight of those due to face Sweden played abroad last season. If successful tomorrow, other Romanian players could notch up rich contracts. Already, Italian and British clubs have begun to negotiate for Steaua captain Ilie Dumitrescu, considered the best player left in Romania.

Tottenham Hotspur and Barcelona are reportedly interested in acquiring Hagi, who has spent the last two seasons at Italian club Brescia after a year at Real Madrid.

The departure of top players has weakened local league football and, with the national squad scattered all over the continent, made World Cup preparations difficult. But commentators believe that the international experience gained by Romanian players in the past four years is one of the main reasons for the team's new-found success.

Quarter-finals could hang on the ninth team

The World Cup referees have had more of an influence on some games than the players, says ***Peter Berlin***

There are only nine teams left – seven from Europe, one from South America and the referees. The eight World Cup teams that have made the quarter-finals know what they must do to reach next Sunday's final. The nine remaining referees, all eager to officiate in Pasadena on July 17, must be pretty confused.

The referees dominated the second-round matches. Kurt Roethlisberger, the Swiss who harboured realistic hopes of refereeing the final, fell on his sharpened pencil after the Germany-Belgium match, confessing that he had missed Thomas Helmer's penalty-area trip on Josip Weber.

His public *mea culpa* did little good. He will not officiate again in this World Cup. Fifa, soccer's governing body, does not look kindly on officials who miss offences that television catches.

But what of poor Arturo Pablo Brizio of Mexico and Jamal Al-Sharif of Iraq, who refereed last Tuesday's two matches like poker players pulling cards from their pockets at every opportunity? Surely they were doing Fifa's bidding? Apparently not; neither has been kept on for the last three rounds.

Fifa is using its referees to conduct a re-education programme of players. All sorts of things they are used to doing are no longer allowed. Want to kick or trip an opponent? Yellow card. Want to dive, feign injury, shoot when I have blown for offside? Yellow card. Almost the only offence that does not seem to attract a yellow card is waving your hand in the referee's face to demand a yellow card for an opponent.

The effect on play can be disastrous. If a referee books a player for a silly offence, there is a chance he will find himself with no choice but to send him off for another silly offence later.

Al-Sharif found himself expelling Emil Kremenliev of Bulgaria for little reason in Tuesday's match against Mexico. You could almost feel Al-Sharif's relief when Luis Garcia, booked earlier for shirt-tugging, raised a boot a little high in pursuit of a bouncing ball. Normally this would have been an indirect free-kick, but Garcia was sent off. This left the match deflated but evenly balanced at 10-a-side.

Al-Sharif was guilty of embarrassing Fifa – a cardinal sin – by doing their bidding too enthusiastically. In big play-off games in north American ice hockey and basketball, referees are often reluctant to call all but the most blatant fouls. Their motto is: "Let the players decide." Al-Sharif and Brizio did more to shape their matches than any player.

Whether Fifa succeeds in changing the way soccer is played depends very much on whether the national football associations follow their lead. They should, but it would mean a season of seven-a-side games in England while players and referees adjusted.

Strangely, the teams that seem not to have adjusted have not suffered in this World Cup. The Italians have had two players sent off, yet are in the last eight. The Bulgarians have collected 16 yellow and two red cards. The Romanians: nine yellow and one red. Yet the last two could engineer the first-ever all-Balkan final.

In spite of the huge number of yellow cards, only four players, by Fifa's reckoning, are suspended for the quarter-finals. Another 22, including five Italians, carry one yellow card and will be suspended if they are booked again.

If the last World Cup is anything to go by, the fear of missing the next round is not as great as the fear of elimination. In Italy four years ago, players with yellow cards still committed fouls when opponents were in threatening positions. Some, like Paul Gascoigne, fouled even when opponents were not in scoring positions.

The pick of the quarter-finals is Brazil's match against holland in Dallas today. Brazil will be without Leonardo, suspended for the rest of the tournament following his assault on Tab Ramos of the US. Leonardo was Brazil's best defensive mid-field player, but, given the insipid form of that group, will not be much missed.

The Dutch attack suddenly gelled against Ireland. Dennis Bergkamp and Marc Overmars found their most exhilarating form and Peter Van Vossen continued to flourish. They should, at last, give the Brazilian defence a serious examination. It seems incredible that in this World Cup of goalkeeping bloopers, Brazil's Claudio Taffarel has not yet contributed to the bloop-score. It is because he has not been tested.

In defence, Ronald Koeman, the one Dutchman with a yellow card, continues to look slow, but he is the only man in the tournament who seems able consistently to shoot the new adidas Questra ball low and with power.

Alongside him against Ireland, Stan Valckx gave a workshop on the types of physical contact the rules still allow, leaving Tommy Coyne battered, frustrated and flailing with his elbows. Brazil's Romario and Bebeto, even if they receive few good balls, will be a different matter.

Neither of these teams has strung together a series of authoritative wins combining swaggering attack with rock-solid defence. But then the same goes for the other six. None has looked like champions, though it is not unusual for winning teams to find their form in later rounds.

Italy did it midway through a second-round group game against Brazil in 1982 and went on to win the World Cup with Paolo Rossi hitting six goals in the last three games. That is why Roberto Baggio's pair against Nigeria is seen as such an omen by the normally pessimistic Italians. Today they meet Spain in Boston. Spain lack stars, but in Javier Clemente they have an astute manager. His team have looked more convincing with each match.

One team that has not looked convincing are Romania, who adopted rope-a-dope tactics to beat Colombia and Argentina. Both opponents landed plenty of blows but could not find the knock-out, while Romania were uncannily accurate on the counter-punch. It is an approach that would inspire more confidence if the Romanian defence did not look so porous. The Swedes, less talented but better-drilled than either of the south American sides, are unlikely to fall for that trick.

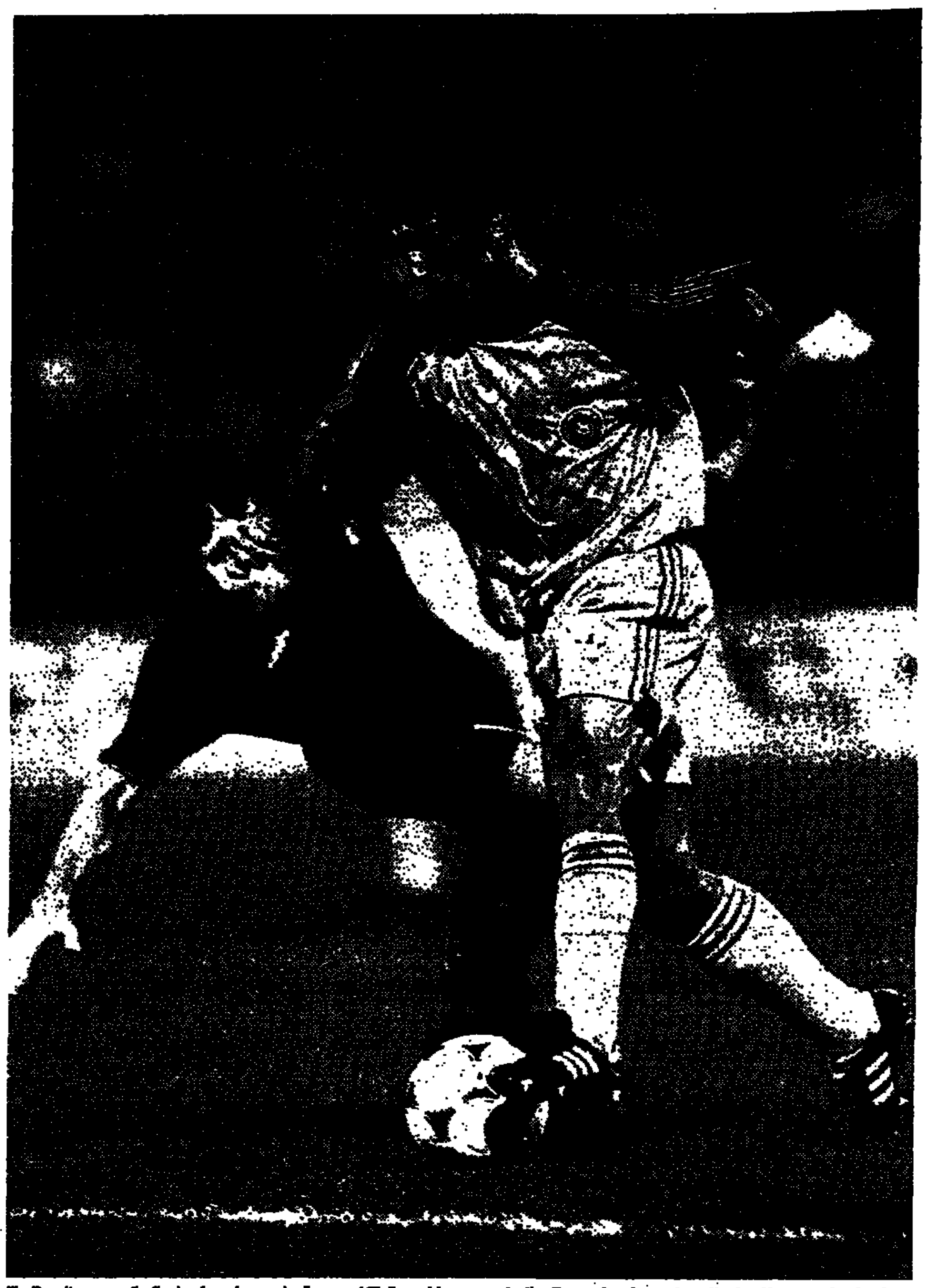
Bulgaria adopt a similar approach with a better defence. They are an unappealing lot. Even so, given vaguely sensible refereeing by Al-Sharif against Mexico they would have achieved their aim of a 1-0 win with some comfort.

Nevertheless, the success of Luis Alves Zague in turning defenders in the Bulgarian penalty area will have inspired Germany's Jürgen Klinsmann and Rudi Völler. Unlike Alves, Klinsmann and Völler can shoot.

Quarter-Finals

Today
Spain vs Italy
Boston 5pm BST
Holland vs Brazil
Dallas 8.30pm

Tomorrow
Germany vs Bulgaria
New Jersey 5pm
Romania vs Sweden
San Francisco 8.30pm



Ilie Dumitrescu – "a flash of genius, a devil named Ilie" – adds venom to the Romanians' counter-attacks. He scored twice last Sunday against Argentina. But the well-drilled Swedish defence may prove more difficult to break down. Allsport

High stakes for Tirana wives

Betting-wise, some of us are in better shape than others, judging by a story from Albania this week, *writes Michael Thompson-Noel.*

The daily paper, Koha Jone (Our Time), reported that an Albanian short of gambling money had lost his wife after staking her on the outcome of a World Cup game.

The gambler – not identified – was so sure that Argentina would beat Bulgaria in their first-round match that he bet his good woman. Bulgaria won 3-2. She disappeared with the winner, while the loser was left to complain to the police.

Even for the rest of us, the going is about to become sticky.

My original strategy of backing Latin American teams was half-baked. Colombia and Argentina having cost me £150 in lost stakes plus 10 per cent tax. Only Brazil remain, and they have been at cramped odds since the tournament started.

I lost another £22 this week by supporting Nigeria at 16-1 – just throwing money away. As a result, my hopes are now glued to Romania. After the Romanians thumped Colombia I backed them at 25-1 and 33-1.

If Romania win the tournament, I will be at least £600 to the good on total stakes (so far) of £297. I have also had a saver on Brazil: £60 at 3-1. But if Brazil and Romania win their quarter-finals, they will clash in the semis, which means that another lump of stake money will be lost.

Crunch-time is here. I now plan to double-up on Romania and take out a further saver on Germany, probably. Not that Germany have impressed me. Only Romania have done that.

If Romania are *beaten*, my troubles will be profound: I do not have a wife.

Latest odds in London (Ladbroke): 13-8 Brazil; 7-2 Germany; 9-2 Italy; 8-1 Spain; 10-1 Romania, Holland; 14-1 Sweden; 28-1 Bulgaria.

Political fortunes decided on the pitch

Latin American leaders follow their country's results keenly, says ***Stephen Fidler***

In Latin America, where soccer is a matter of life and death, the political fall-out from the hasty exit of four out of five Latin American World Cup contenders could be considerable. It has probably already influenced the result of one presidential election. The 3-1 defeat by Romania of Colombia on June 18 kept most Colombian males sober that Saturday night. Instead of spending the following day recovering from their hangovers, they turned out in unexpectedly high numbers to vote.

That probably benefited Liberal candidate Ernesto Samper – seen as more popular among male voters than his Conservative rival, Andres Pastrana, whose support was strongest among women.

In Mexico, the team's defeat by Bulgaria prompted a rare sporting pronouncement from President Carlos Salinas: "Perhaps if we had strengthened the attack after Luis Garcia was sent off, we would have had more opportunities".

This poke in the eye to coach Mejia Baron – who, to the mystification of Mexican fans, left attackers Hugo Sanchez and Carlos Hermosillo on the bench – was probably well deserved. Mexican performance in the World Cup was expected to produce a feel-good factor which might have helped propel Salinas's anointed successor, Ernesto Zedillo, to victory in next month's presidential elections.

The biggest impact, though, could be in Brazil. In the first round of presidential elections in October, the two leading candidates are a left-winger (political rather than footballing) known as "Lula" and an establishment contender, Fernando Henrique Cardoso. In a recent poll, 25 per cent of voters said they would not make up their mind about their vote until after they knew the victors in the World Cup.

Stephen Rose, a London stockbroker specialising in the Brazilian and Argentine markets, says: "The feeling is that if Brazil win, people would think things in the country are not so bad after all and that would benefit Fernando Henrique."

In Argentina, President Carlos Menem has more time to recover from defeat before elections next year, in which he hopes to run again. But the 63-year-old head of state, who plays soccer himself, takes defeat badly. Mysteriously, his team win more often than the Argentine national side these days.

SPORT: WORLD CUP '94 / CRICKET

Germany set to emerge from clearing smoke

***Peter Berlin** believes the suspicion is dawning that Berti Vogts' team could do it again*

The German teenager looked earnestly into the camera. "I think it would be nice," he told viewers across the Atlantic in careful English, "if another country won the World Cup for a change."

That was nice of him. In the US, Dutch, Spanish, Italian, English, French – even Brazilian – fans must have cringed. How they would like the chance to become bored through winning. Since 1954, Germany (or rather West Germany) have won three of the 10 World Cups; only Brazil have won as many.

In that time, the Germans have been runners-up three times, third once and fourth once. The last time they failed to reach the semi-finals was in 1978 when they lost to Austria and finished third in their second-round group.

The pattern is generally the same: the Germans move unspectacularly through their group matches, winning when they have to win, drawing when they do not. They ease through the early knock-out rounds and suddenly – when the smoke has cleared – there they are in the semi-finals yet again.

The pattern has been repeated this time. And, with no other team producing consistently dominating performances – the Brazilians have not scored enough, the Dutch defence still looks creaky, Italy have been lucky – the suspicion is dawning that the Germans could do it again.

The unconvincing manner of Germany's progress only increases that conviction. Where Italy, in the eyes of their fans, have barely scraped through, Germany have done just enough. Italy were fortunate, Germany professional.

Germany are the team dubbed by one of America's Spanish-language newspapers "the famous unknowns". To the rest of the world they have Rudi Völler, Jürgen Klinsmann, Lothar Matthäus and eight other guys. It is not as if men like Thomas Helmer, Matthias Sammer and Martin Wagner are youngsters plucked from nowhere. They are veterans: experienced, solid, utterly unspectacular.

One reason they are anonymous is that so few of them – only three of the current squad – play in Italy. Italian clubs seem to have decided that the top Germans, like their English counterparts, generally do not repay the investment or lack the flair to be worth one of the precious three foreign slots in a team.

Even Matthäus, the team's most respected and most capped player, is often only noticed when hectoring the referee or when he is absent, as he was in the second half against Belgium. He thumps his long range passes like an English centre-half clearing upfield. Not for him the elegance and delicacy of a Michel Platini or a Franz Beckenbauer. It is only when the ball drops from the sky 60 metres away at the feet of a running team-mate that his accuracy and vision are revealed.

Only Klinsmann, whose goals carried the team through the first round, and Thomas Hässler, who runs at defenders from mid-field, have consistently leavened the Germans' unspectacular approach with a touch of the unexpected.

Völler, the hero of Germany's run to the final in 1986, is a readily identifiable character, but at 34 he is largely restricted to goal-mouth loitering, as he showed when he was recalled for the second-round game against Belgium and scored twice.

Germany only beat Belgium 3-2, with the help of the referee, Kurt Roethlisberger, who has since said he should have given the Belgians a penalty. The win against Belgium followed a 3-2 escape against South Korea.

One might have expected some post-match humility from Berti Vogts, the German manager. But no. "I want to thank Rudy Völler for his performance. It was a bold decision on my part to start him, but I knew he is a great player. I thought we saw a top-class German team today," said Vogts.

The return of Völler lifted the average age of the 13 men who played against Belgium to 29 years and eight months. Age has advantages. The players are experienced and self-confident. On the other hand, their stamina is questionable, they may find it difficult to adapt – to the heat, for example – and they all have strong opinions which they are prepared to express.

The Germans led Spain 1-0 and ended up the weaker team in a 1-1 draw. They led South Korea 3-0 and then survived a late bombardment to win 3-2. They led Belgium 3-1, but allowed their opponents to stage a second-half assault. They have made no secret of the fact that they disliked the heat in Chicago and Dallas during their first-round games. But, unlike the Irish, they never turned it into an excuse for losing.

For the second-round game in Chicago, temperatures fell. Even so, the pattern was repeated, the Germans losing the initiative in the second half. They can expect it to be hotter in New Jersey for the quarter-finals and semis and in the 90s if they reach the final in Pasadena.

The Germans will be carrying the effect of their early matches in their ageing muscles. Players in their 30s, even if they are as fit as the Germans, recover more slowly than younger men. But Vogts is not giving Völler a rest yet. Last Monday Vogts announced his quarter-final team a week in advance, saying the side would be unchanged (with Matthäus back) against Bulgaria.

Vogts has problems imposing his will on players. He lacks the natural authority of his predecessor, Franz Beckenbauer. Stefan Effenberg's obscene gesture, when substituted, may have solved one problem. Vogts immediately climbed on his high horse and used the opportunity to throw one of his most persistent public critics off the squad. But things are far from sweetness and light.

There was a full and frank exchange of views at half-time in the Belgium game. Afterwards Völler said: "It wasn't an argument with the coach. It was sort of communication. After the game everything was fine. We embraced each other."

Bulgaria are a team the Germans, and their fans, would expect to handle comfortably. Hristo Stoichkov and his equally industrious sidekick, Emil Kostadinov, will test the Germans' creaky, leaky defence, but the Bulgarians will have had two days less rest and played extra time with 10 men in the heat last Tuesday. By the end they looked shattered. Stoichkov had run himself into the ground. Yet they will be able to recall three defenders who rested on Tuesday, thanks to suspensions.

If it is hot again the Germans must prove that old heads can compensate for old legs.

Over the past two decades German fans have become accustomed to success in the tournament Allsport


Jonty Rhodes at the crease against the Earl of Carnarvon's XI last month: his fielding invokes memories of Colin Bland

Cricket/Teresa McLean

South Africans happy to emphasise freshness

Twenty-nine years after they made their last tour of England, the South Africans are back on English soil – and are happy not to rush straight into a Test match.

Weather permitting, they will have played five county games before the first Test, on July 21, at Lord's. When I watched them play and lose the first of these, a shortened match against Kent at Canterbury, I could see why their manager, Mike Procter, wanted a long stint of "real, tactical cricket" before a Test.

"It's better and easier like that. County cricket gives us a chance to practise, to get everyone used to English conditions, to choose our players."

At Canterbury the South Africans looked as if they needed practice, although their two medium-pace bowlers, Craig Matthews and Hansie Cronje, looked tailor-made for the English game. Matthews bowled off a straight run-up close to the stumps and got some late movement, mostly into, but also a bit away from, the batsman. In the overcast Kentish warmth he looked threatening, although he did not claim a victim.

In the next game, against Sussex, he was upstaged by off-spinner Pat Symcox, taking five county wickets for 29 on the last day. Procter was not excited by his country's spin, which he rated as a minor weapon. I have only seen Tim Shaw, not Symcox, and when I saw him he was slow without much guile.

It will be interesting to see how the visiting spinners develop next to their more acclaimed faster companions on this tour, especially on unpredictable wickets like the one at Canterbury, which sent occasional balls zipping through low and fast, surprising batsmen and wicket-keepers.

The two fastest South African bowlers, Allan Donald and Fanie de Villiers, have both played in England before, Donald for Warwickshire and de Villiers first for Kent in 1990, unsuccessfully, then in the Devon League.

They are familiar with English conditions. Against Kent, Donald bowled fast and, at times, loose. Against Hampshire, he bowled well enough to win the man of the match award, taking 5 for 58 in the first innings.

The South Africans like to emphasise their freshness and freedom from the strain of international cricket. This freshness does not mean youth. One of the striking differences between this summer's two visiting teams is the age of their new players.

Matthew Hart and Adam Parore, two of New Zealand's "young guns", are 22 and 23 respectively. South African Daryll Cullinan, fresh rather than a young gun, is 27. Procter had sensible answers ready for suggestions that his country had to rely on older players because its younger ones were so inexperienced.

"Age by itself isn't an issue. It is important to educate players into the game. We need a balance between experience and youth, not one or the other," he says.

At Canterbury Cullinan made a time-honoured start to his late English blossoming when he was caught for nought off the bowling of Dean Headley

His is a generous definition of youth, in modern cricketing terms. He named Cullinan as a young batsman he would like to see doing well on this tour. At Canterbury, Cullinan made a time-honoured start to his late English blossoming when he was caught for nought off the bowling of Dean Headley, one of Kent's lively agents of the fast medium.

In that match nearly all the South African batting had an impulsive element and it relied on wicket-keeper David Richardson to lead it from 64 for 6 to 221 for 7, nearly saving the game.

After an orgy of batting practice at Hove – 613 for 8 declared – the South Africans scored in robust style at Southampton until captain Kepler Wessels was out for 31, and the free-hitting Jonty Rhodes went for 77. A score of 227 for 6 slumped to 264 for 9 declared.

Wessels is almost too important a presence. He played Tests before South African cricket was sentenced to solitary confinement and he is its embodiment of international experience.

He is said to be a personal and spiritual mentor of Cronje, the young batsman who failed at Canterbury but scored 94 at Hove. Cronje finds Wessels' strong leadership invaluable, but it can be a weighty burden to carry and there is a danger of team collapse if the leader fails.

Glamorgan are sometimes liable to depend too heavily on Hugh Morris, their captain, and South Africa must be careful that Wessels encourages, rather than overwhelms, the players in his charge.

As one who remembers some of his dogged innings in the past, I find it hard to think of him as what the official tour programme calls "inspirational" and was relieved to hear Procter describe his batting as "stolid".

Procter then pointed out how important it was for every team to have one stolid occupier of the crease. A view confirmed by cricket poets: *"As the run grafters stay in nice and slow, nice and slow. Oh, my Wessels and my Boycott long ago"* (Thompson/McLean).

Oddly enough, I found myself wondering at Canterbury whether South Africa's famous fielding might also be, at times, a heavy inheritance. Rhodes took a breath-taking catch in the covers, leaping fast and high, to remove Neil Taylor. He obviously revels in the comparisons made with Colin Bland, the superb 1960s South African fielder.

Most of the South African fielding was fast, with excellent throwing, but it had lapses, like those of a side tired of its subject. I saw several failures to stop and to pick up. I am all for dynamic fielding, but not if it comes at the cost of the Wesselian virtues of steadiness and concentration. Those have never been South African specialities.

South African cricketing strength has usually been extreme and, if broken, it can fall into extreme weakness. One among many examples is Graeme Pollock in the 1960s, a devastating batsman but a vulnerable starter.

As the man next to me in the lunch queue at Canterbury put it: "I like South Africa because they have always been a bit potty. They don't play their cricket by halves. I hope they'll be good to watch this summer and all-or-nothing to beat. Good luck, Atherton!"

Motoring

Rover's BMW appeal

***Stuart Marshall** test drives an estate-cum-tourer*

When Rover was still controlled by British Aerospace, its executives told anyone who would listen that one day it would be Britain's BMW and its products would be as good as BMW's 3-Series and 5-Series.

The take-over earlier this year must have been the last thing they had in mind. So we have a piquant situation because the first new Rover car to emerge since control passed to BMW earlier this year is a compact, up-market estate, appealing to exactly the kind of buyer who now drives a BMW 3-Series Touring.

Even the name is more or less the same. BMW calls the dual-purpose, load carrying versions of the 3-Series and 5-Series "Tourings", not estates. (It thinks estate cars are rather middle-aged and boring, not youthful and sporting.)

And what does Rover call its 400 Series estate car? You have, of course, guessed. The 400 Tourer.

Just like its BMW counterpart, the Rover 400 Tourer is hardly the sort of estate car that will carry worn-out washing machines to the council tip. Which is just as well. They would be very difficult to hump aboard as the load floor is quite a bit lower than the rear sill and this is narrowed by the tail lights, though not so severely as the current, soon-to-be-replaced, BMW 3-Series Touring's.

The Rover Tourer is more of a Fortnum's hamper to Glyndebourne, children to pre-prep schools, kind of estate. One could visualise it standing alongside a Range Rover Vogue when many a remotely-controlled double garage door is raised.

There are three versions. The poshest one is the 136 horsepower 420 GSi, which costs £15,995 and is pitched at users who expect an estate car to be sporty as well as practical. As it has far more muscle than the 88 horsepower 418 SLD Turbo (£14,695) or 111 horsepower 416 SLi Tourer (£14,495), it has firmer suspension and bigger wheels and tyres. The leather and cloth trimmed interior is grander, too.

But all the 400 Tourers are proper Rovers inside. They have drivers' airbags, split-fold rear seats and neat covers to prevent opportunist thieves from seeing what is in the load space.

The only one I have driven so far is the 418 SLD Turbo, powered by an 88 horsepower, 1.8-litre turbocharged diesel bought in from PSA (Peugeot-Citroën Group). This is slightly less powerful than the 1.9-litre turbo-diesel used in current Citroëns and Peugeots because PSA has always made a point of selling rivals its second-best diesels, not the latest ones.

Diesel buff that I am, I thought the 418 SLD Turbo's performance and refinement entirely satisfactory on the open road. It would not satisfy a thrusting driver who must always be at the head of the queue and it did sound gruffer than a Citroën Xantia or Peugeot 306 – both with the later 1.9-litre turbo-diesel engine – when accelerating through the gears.

Rover's own figures suggest the £200 price premium of the 418 SLD Turbo over the 1.6-litre petrol-engined 416 SLi would soon be recovered through better fuel economy.

The diesel's urban cycle consumption – a good guide to any car's real world fuel consumption – is 42.8mpg (6.6 l/100km) compared with the 416 SLi's 28.8mpg (9.81 l/100 km) and the 420 GSi's 26.3mpg (10.74 l/100 km).

Two other new Rovers I sampled briefly last week were the 620ti and Vitesse Sport, both with a 200 horsepower, turbo-charged two-litre, four-cylinder T-series engine and five-speed manual gearbox – there is no automatic option.

Surrey's leafy lanes and the busy M3 motorway are not the best places to explore handling or performance potential. I will say only that I am confident either car would appeal to business motorists who always drive as though their professional lives depended on getting to meetings for which they are running very late. Prices are £19,995 for the 620ti, £20,995 for the Vitesse Sport.


Rover's new 400 Tourer – an alternative to the BMW 3-Series Touring

COUNTRY PROPERTY

INTERNATIONAL PROPERTY

LONDON PROPERTY

LONDON RENTALS

PROPERTY WANTED

RETIREMENT

MORTGAGES

PROPERTY

Signs that add kudos to your home

***Gerald Cadogan** looks at London's intriguing blue plaque house scheme*

Delightful curiosities on the streets of London include oval blue plaques, marking the place where famous people lived or worked. They can suddenly transport the stroller, or the prospective buyer, into a world of history and imagination.

To discover that Karl Marx or Dr Johnson "lived here" can cause even the busiest pedestrian to pause and speculate. And the signs can invest a particular property, even a street, with an aura of class.

It is difficult to say whether this distinction translates into a premium price when a property is sold – perhaps not – but they must at least help to excite the interest of prospective buyers.

These plaques, that mark not only where London's famous inhabitants lived, but where great moments in the city's history took place, reflect the rich variety of capital life. People as diverse as Nancy Astor, the first woman MP, and French writer Emile Zola are remembered by them. Many, however, commemorate those who are less well-known, reminding or informing passers-by of their achievements.

Sir David Low (1891-1963), the cartoonist who created Colonel Blimp, lived at Melbury Court, Kensington High Street, London W8. Dr Charles Vickery Drysdale (1874-1961), a founder of the Family Planning Association, opened his first birth control clinic in 1921 at 153a East Street, Walworth, London SE17, and changed countless lives. Rosalind Franklin (1920-1958) of Donovan Court, Drayton Gardens SW10, was a pioneer of the study of molecular structures.

The Royal Society of Arts began the blue plaque scheme in 1867, starting at Byron's birthplace in Holles Street, W1 (now demolished). London County Council took it over in 1901 and ran the scheme until passing it on to the Greater London Council in 1965. Since 1986 English Heritage has run it.

Unofficial plaques also exist in London – the Dead Comics Society put one up to mark the home of comedy actor Kenneth Williams (1926-1988) in Marlborough House, Osnaburgh Street, NW1.

And there is nothing to stop any property owner putting up a blue plaque if it has the necessary planning permissions, including listed building consent and/or conservation area consent.

There are now 616 official plaques, of which the Royal Society of Arts has put up 36 (only 13 survive) the LCC 249, the GLC 262, and English Heritage 83. Nine have been erected by other bodies.

English Heritage erects about 12 plaques a year. Its Blue Plaques committee, part of its London advisory committee, meets twice a year to pick them from 25-30 candidates suggested by the public.

If you are famous and live in London today, however, you have no chance of seeing your own name on a blue plaque – English Heritage will not even consider you for the honour until 20 years after your death or 100 years from your birth – apart from rare exceptions.

In addition to this rule, official blue plaque houses must meet the following criteria:

□ There must be a surviving building (or possibly an identical replacement on the same site); or it must be a site of special historical interest, such as "The first flying bomb on London fell here 13 June 1944" – Railway Bridge, Grove Road, E3.

□ The candidates must be thought eminent by their own profession, *or* have made an important positive contribution to human welfare or happiness, *and/or* have had such remarkable personalities that a well-informed passer-by recognises their names at once, *and* they must deserve recognition.

□ Fictional characters do not qualify (Sherlock Holmes excepted).

□ And (since 1987) if a candidate has a plaque at one building, they cannot have another.

□ Foreigners must have an international reputation or significant standing in their own countries and have been in London at an important time in their life and work. Prince Peter Kropotkin – 1802-1894 "theorist of anarchism" – lived at 6 Crescent Road, Bromley, and Karl Marx at 28 Dean Street, W1.

■ Would-be owners of blue plaque homes may be interested in two properties currently for sale. P.G. Wodehouse lived at 17 Dunraven Street, W1, now converted into flats and maisonettes (Blenheim Bishop, 071-629 2484; Wetherell 071-493 6935; and John D Wood, 071-408 0055). Two maisonettes and two flats are offered at between £275,000 and £550,000.

Emily Davies, founder of Girton College, Cambridge, lived at 8 Cunningham Place, NW8, near Lord's cricket ground. John D Wood (071-267 3267) offers it at £475,000.

■ The Blue Plaque Guide *costs £6.50 (Journeyman Press, 1991)*

A bottle of Laurent Perrier champagne will go to the reader offering the best suggestion for a new blue plaque. You must follow the rules listed here.

Send suggestions to: Anna Lambert, Blue Plaques, Weekend FT, Number One Southwark Bridge, London SE1 9HL by July 28. The winner will be announced on August 6 and their suggestion will be forwarded to English Heritage.

Lindridge Park: a 17th century property stylishly converted into houses. Prices start at £225,000

Cadogan's Place

A stumbling recovery

***Gerald Cadogan** says the stuttering revival in the UK property market is often at odds with local conditions*

The Halifax-Nationwide waltz has struck up again. In the May figures for house prices, Nationwide stepped forward and Halifax back. But in June it was about-turn, Nationwide stepping back 0.7 per cent and Halifax forward all of 0.3 per cent.

More significant than these monthly variations is that both are more or less in harmony on the annual change – Halifax says 1.5 per cent up and Nationwide 1 per cent.

And their indices are not too far adrift. With a base for both of 100 in 1983, Halifax now stands at 201.9 and Nationwide at 195.6. Their figures, and those for sales and mortgages, continue to paint a general picture of a stumbling recovery in the housing market. But local scenes can be very different.

Knight Frank & Rutley's prime London residential property index shows an average increase of 9.9 per cent, from June 1993 to June 1994, and agents' offices in Kensington report booming business.

It does not need many City bonuses to push prices up when the recipients all decide to spend them on the same sort of family house.

The rises in central London have spread through to the home counties, notably along the M3 corridor. At present, a decent house in the £250,000-£500,000 range in north-east Hampshire, will have several would-be buyers offering the asking price in days, leading to a private auction or best and final offers – while parents are queueing to inspect the local schools. But elsewhere in the country – Worcestershire, for example – I still hear of price cuts.

□ □ □

Sterndale has converted the shell of a 17th century property into seven spacious and stylish houses in the first stage of a 21-house development at Lindridge Park, near Teignmouth in Devon.

The development will include the old coach house and detached houses in the walled garden.

John Baring, of Exeter, whose son, Francis, founded Baring Brothers, the merchant bank, bought the house in 1747 for £8,000. In the 1960s the property burnt down.

The house is in a peaceful valley with views to Dartmoor. Its treat is the garden, laid out in 1913 as a combination of formal, wild and water gardens, which all at Lindridge will share. Sterndale is restoring it, cutting the yew so that it will grow again as topiary, recovering shrubs in the dell and clearing an elaborate (and blocked) system of watercourses.

The garden's focus is a round pond with a round temple on a round island. Walls and buttresses of yew enclose the walk around the pond and two low bridges cross to the temple. Prices from Knight Frank & Rutley in nearby Exeter (0392-433033) range from £225,000 to £275,000.

□ □ □

Water is also a feature at Giffords Hall, Wickhambrook, near Bury St Edmunds, Suffolk. This early Tudor timber house, is listed grade I. A moat with plants dipping into the water holds the garden design together. A three-arch bridge crosses it and leads to the unusual oak-timbered, red brick house – many of the bricks laid in a herringbone pattern.

The house is superb, with a great hall with linenfold panelling on the ground floor. Above that is a solar (or great chamber) with a Perpendicular-style solid oak ceiling. The fireplace still has names and slogans scratched in English, Greek and Latin from three, four or five centuries ago.

The house was rewired four years ago and the double glazing in some rooms is of the highest quality I have seen, with the inner layer encased in oak. The local builder knows the house through and through.

Last week the garden was heavy with rose scent. Beyond the moat is a formal trellised garden, with box hedges in a knot pattern and a rose arbour leading to a walled garden. The views are superb.

This gem of old England is well placed for Bury St Edmunds, Newmarket and Cambridge. £1.3m buys the estate of 338 acres. The house and 95 acres, including a wood and a medieval stew pond for keeping fish, are priced at £850,000 from Savills, Ipswich (0473-226191).

□ □ □

A house which belonged to Professor Cyril Parkinson, of Parkinson's Law fame, has just been sold by Kent agents Calcutt McLean for around £150,000. The three-bedroom home, at 36 Harkness Drive, Canterbury, was sold to buyers from London.

OUTDOORS

Gardening/**Robin Lane Fox**

Real cross-border co-operation

Behind every gardener stands another gardener: a parent or a partner, an author or some poor soul on piece rates bribed to mow the lawn before Friday evening. Behind me stands a German.

Thirty years ago, there stood a lot of Germans, because I was working in their greatest botanic garden as one of the staff of 80. When I spill earth on a path, I still fear German discipline. When I look at mixed hardy planting, I see it as my German garden taught me, in terms of its countries of origin. Chinese gentians still strike me as surprising when planted among penstemons from the Rocky Mountains.

Last week, my old shadow came back to life in the Jodrell Lecture Theatre at Kew Gardens in south-west London, where more than 200 high-paying visitors had packed into an Anglo-German gardening summit. Our theme was Designing with Perennials, under the challenging slogan of "widespread ignorance of revolutionary new approaches to herbacious planting, especially in Germany".

The occasion was the brainchild of Tim Rees and Brita von Schoenaich, two former Kew students, who showed signs of organising the landscape with all the energy and style with which they organised five speakers, an itinerant German task force, and a new cross-border initiative in Europe (in the full botanical sense). As the German speakers stressed how different hardy perennials have been classified for different ecologies, my old shadow felt at ease.

Professional German order was back on the botanical map and we Britons were being reminded that plants grow best in gardens when they are suited in nature to the same geographic conditions.

Colour slides made happy reference to the flora of the steppe land. At the sight of the *Steppenheide* (moorland), my old shadow started to frolic and sprout a furry, grey coat of contentment.

A garden to envy – filled with Eremurus, a member of the lily family — Stephen Lacey

This fascinating summit brought out the different strengths of German gardening. In Britain, the best garden-makers are amateurs who are trained privately and whose sights are raised by one another.

They view a Dip. Hort. as a short-cut to chopped bark and ground cover and, rightly, trust their own good taste, which they bring from artistic areas of life. German gardening strikes them as the Cinderella of Europe.

Can anyone name a private garden in Germany which a keen British aficionado would go out of his way to visit on holiday? I wish I could, but much German gardening is about technology and gadgets.

Germany has great gardens, but all of them are public and civic, like few of those in the UK. I think of the rose garden at Zweibrucken near Saarbrucken and the Weihenstephan nursery-landscaping near Munich.

Professional botanical knowledge is superbly strong in Germany, and beyond it stretches a richer and more varied flora in the wild of moorland, the flowery meadows of the Allgau and the high mountains of the south.

The cities have also gained from urban garden festivals. In Britain, the festivals at Liverpool and Stoke fizzled out as gimmicks for the family. In Germany, you still come on great legacies of festival planting, whether in the excellent expanse of public planting beyond the main station in Stuttgart or on a former gravel tip of hopelessness in the heart of Munich.

In 1983, Munich hosted a great Garden Festival in the city Westpark which lay beside a housing estate in the city district of Laim.

European breeders offered dozens of their brightest irises and day-lilies and it was left to an interior designer-turned landscaper to arrange this challenge as a work of art.

None of her Kew audience would doubt that in Rosemarie Weisse we were encountering one of Europe's outstanding landscape gardeners. She has transformed the public space of the Westpark to the point where we all ought to go and see her artistry, at its best in late May.

Munich is the place for keen gardeners to visit, when the great alpine garden of its botanical gardens is at a peak.

What, then, of revolution? In her case, it consists in large-scale plantings of herbaceous perennials outside the framework of a border, but in the manner of a natural steppe among ornamental grasses for autumn colour and seed heads.

Behind the style stands Professor Richard Hansen, now in his 80s, whose master guide to perennials and their ecology has just been translated by Cambridge University Press. The art is to suit perennials to the ecology of the site so that they will persist for years and wander like dandelions.

Hansen's fine gardens at Weihenstephan put these ideas into practice in the 1950s and Rosemarie Weisse is one of his beneficiaries, adding her own delicate sense of shape and colour.

Herbaceous perennials are often tricky and English gardeners are much more wary of them than their image as masters of the herbaceous border implies to foreigners. Many look beastly after flowering.

I remember hearing them described as "gaily-coloured hay" and I did feel that some of our professional speakers had a curious sense of what counts as structure in a garden's planting.

Some of the most vigorous forms are a stale pink or a pussycat shade of mauve and, in spite of the Germans' slides shown at Kew, I really do not want big groups of dreary old polygonum bistorta, a plant which I am pleased to have shown the red card from the garden many years ago.

In the British tradition, I thought back to William Robinson and Graham Thomas. In the late 1960s, Graham Thomas's book, *Ground Cover Plants*, pointed many of us to ways which were not so different to Hansen's results.

Readers of Robinson's *Wild Garden in the 1870s* will find that he was not only thinking of dotting a plant here or there in a natural park. His illustrations and references, to other gardens now lost, back up his campaign for plantings of non-native plants running wild in light grass, not yet more British buttercups, but irises, peonies, aquilegias and wisterias up pine-trees.

He had none of the professional's knowledge of plants' persistence in these surroundings, but personally, I am glad that he did not go in for ornamental grasses but envisaged that style in the setting of British woodland and meadows of modest grasses.

For Britain's gardeners our rough grass and orchards are nearest to *Steppenheide*. The speaker who talked of forthcoming experiments with hardy perennials, among less robust green grass on soil of restrained fertility, seemed to me to be pointing Britain to a way forward.

When British gardens go back, the grass moves in, yet good things survive. Perhaps we can reverse the traffic and put them out into roughly-mown grasses.

In short, revolutions are often most revolutionary when they look back to tradition and reapply them. I think that the great menace to artistic gardening is the pedantic and increasing nostalgia for nothing but "native" plants.

This summit makes me even keener to resist it and much as I respect Hansen's ecological ground-cover, it is still Robinson's challenge which stretches my ideas for perennials in Britain. Give me another 10 years, and I too, may know a little of what my shadows already know over there, in a growing meadow of emphatically non-native plants.

FT Ski Expedition/**Arnie Wilson**

The Llaima volcano erupting in May this year — EPA

I'm sorry – the volcano is closed

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. They are now in Chile.

Smoke still billowed from the crater of the Llaima volcano, which erupted spectacularly a few weeks ago, as we arrived to ski on its slopes.

The Llaima ski resort was closed – something we have grown depressingly used to of late – but we were offered a lift in a rickety 25-year-old snow-cat from Utah which just about made it to the top.

Having now moved to the heart of Chile's lake district, we find there is another huge, beautiful, smouldering volcano sitting almost in our back garden. It is Villarica, on whose slopes we have been trying to ski for the last few days.

But in spite of cloudless blue skies, the wind has been lashing the slopes with venom and the resort has remained shut.

Every day we drive to the ski area through a forest of huge eucalyptus and fronds of quilas (bamboo) growing from 20ft-high banks of red earth and black lava beds: it is the kind of landscape used to depict Venus in the Eagle comic of the 1950s.

Every day we buy a ticket from a park warden who tells us the ski area is closed. Hours later we return guiltily from our improvised run wondering whether he has noticed the fresh snow on our skis.

The rugged four-wheel-drive Lada vehicle we have borrowed from Robert and Killy Stanton of the Passage to South America tour company can tackle the barely-passable roads to the ski areas. But red tape threatened our plans to take it into Argentina.

Luckily, Stanton is a pilot and flew from his village of General Lopez to Pucon with a document allowing us to cross the border to ski in Bariloche.

BOOKS

In bed with all the Clinton factions

***Jurek Martin** reviews Bob Woodward's latest sleuthing venture, a perversely riveting read for the Washington cognoscenti*

Bob Woodward really is the most amazing investigative reporter. He *gets everywhere. Here* we are on the very first page of his latest book and the famous Watergate sleuth is actually in bed with Bill and Hillary Clinton, or perhaps under it.

We must assume he was there because the conversation between the two, in late *August*, 1991, and about whether Bill should run for president, is all in direct quotes. And they both speak in complete sentences, apart from three "yeahs" from Hillary, which few people, even those as articulate as the Clintons, ever manage in the informality of their own private quarters.

There is a severe temptation to put this book down after the first page, *so preposterous is its beginning* and so presumptuous is the hypothesis laid out in the introduction. This temptation should not necessarily be resisted, partly because of the methodology (as in his last book, *The Commanders*, about the US military, conversa*tions are* "recreated" throughout the book on the basis of extensive but off-the-record interviews), partly because it is so poorly written and partly because the numbing detail of the twists and turns of the debate over US economic policy in the first seven months of the Clinton administration can be of interest only to the truly devoted or those with axes to grind.

But, *all that said, it is* a perversely riveting read for the cognoscenti. It has been devoured in the US capital because it is all about Washington people, processes and mores, triple navels which consume the city's everyday life. The Washington Post, the hometown newspa*per which is Woodward's employer*, spread it all over the front pages for four days in a row (cynics believe that all the best material was in these extracts).

It also matters, given that Washington does not like the Clinton crowd and vice versa, that it does not show the president, his wife and his government in the best of lights. They come over as a group of disorganised well meaning *incompetents* who cannot work out whether to increase taxes or cut them and who are eternally surprised when Congress does not do their bidding.

Woodward announces that he got interested in the economy as long ago as 1992, which suggests we *must confine the collective wisdom* of Keynes, Friedman, Galbraith and several Austrians to the wastebasket. Perhaps his newness to the business of economic policy-making and his own membership of the Washington establishment explains why the eminence grise of his book *is Alan Greenspan, chairman of the* Federal Reserve Board and a de facto pillar of that establishment.

It is Greenspan, we are assured, who educates an administration inclined to be contemptuous of Wall Street, in the importance of the bond market. Lower interest rates, he kept pointing out, took some of the pain out of necessary cuts in public spending. Thus, so long as *long term rates kept going down*, as they did during the book's time span, the bond markets became the "new God."

THE AGENDA: INSIDE THE CLINTON WHITE HOUSE
by Bob Woodward
Simon & Schuster £14.99, 352 pages

It stretches credulity to accept that wily old pols like Lloyd Bentsen, the treasury secretary, and Wall Street veterans like Robert Rubin and Roger Altman were *unaware of this phenomenon, even* if there was a politico-economic clique in the administration uncomfortable with it. It also insults intelligent non-economic members of the Clinton team, like George Stephanopoulos, to imply prior ignorance of the importance of markets.

It also dangerously simplifies the eternally shifting and complex relationship between the head of the *independent central bank and the* government. Greenspan is a subtle operator, to be sure, with finely tuned political antennae. But he also answers to his own board, to the markets and to his own economic policy instincts, responsibilities which hardly square with the *quasi-Machiavellian role ascribed to* him.

Where the book does hit home is in its portrayal of the factions inside the Clinton crowd. There are, indeed, several power centres, starting with a president of superior intellect and involvement but *chronically disorganised and indecisive*.

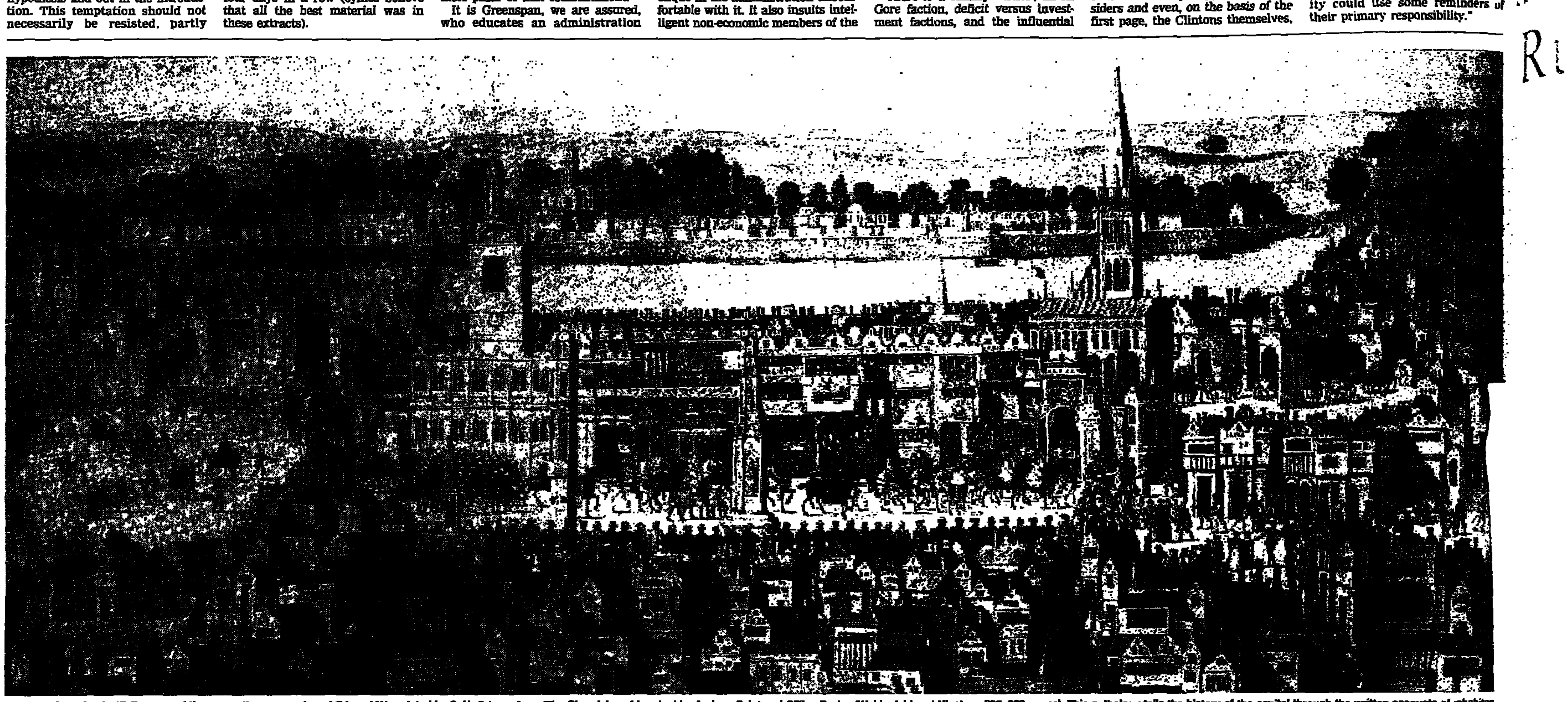
There is a Hillary faction, an Al Gore faction, *deficit* versus investment factions, and the influential group of external political advisers technically not on the *White House* staff whose mission is to ensure Mr Clinton does not forget all the promises that got him elected.

This last group – James Carville, Paul Begala, Mandy Grunwald and Stan Greenberg – come over as prime sources for the book. Some may regret this. Begala, for example, discloses that his nickname for Leon Panetta, then *budget director*, was "the poster boy for economic constipation." Panetta has just been named White House chief *of staff with a* mandate to shake-up the operation which, if he bears grudges, just might include limiting Begala's access to the presidential ear.

But this is perhaps the most remarkable thing about the book. Just about everybody, insiders, outsiders and even, *on the basis of the* first page, the Clintons themselves, appears to have talked to Bob Woodward. It is almost as if they all felt that not to talk to him would be like a good Catholic avoiding the confessional. *Retribution* might not be papal but the Washington knife is much to be feared.

Yet, having cooperated, they find that the Woodward book, for all its *manifold* faults, comes over as a mean stiletto. It is no small wonder that its sources have greeted it mostly with a *deafening* silence, interspersed with occasional mutterings that it is all about "process" and not about "substance".

Mary McGrory, the salty veteran Washington columnist, suspects that the book was the last straw for Clinton in reshuffling his White *House* pack. "*Plainly*, people who have time to give Woodward four or five interviews – while other calls go unreturned – and press on him internal documents of fair sensitivity could use some reminders of their primary responsibility."



The City of London in 1547, scene of the coronation procession of Edward VI, painted by S. H. Grimm, from 'The Chronicles of London' by Andrew Saint and Gillian Darley (Weidenfeld and Nicolson £25, 320 pages). This anthology tells the history of the capital through the written accounts of inhabitan[ts] and visitors, kings and merchants, poets, journalists and politicians. Descriptions of events – small and large – that have shaped London range from Boudicca's rebellion to Winston Churchill's funeral; contributors include Tacitus (AD 60), William Wordsworth (1791) and Richard Crossman (1965).

Fiction/J.D.F. Jones

Middle-class, middle-aged anecdotes

Once upon a time, a London newspaper called the Evening News used to run a daily short story. They were very short indeed but they offered well-turned enter*tainments designed to divert the* home-bound commuter for ten minutes or so; the contributors included respectable and well-known popular authors who knew they were not competing with Chekhov or Maupassant.

You cannot – unless you are a *genius – do very much in a couple* of thousand words: you can provide a smile or a sigh; you can amuse or distract; this is all too often the art of the anecdote.

Jeffrey Archer, when he pauses from his best-selling novels to don the hat of the short story writer, is very much in this tradition: he tells anecdotes. Middle-class and middle-aged. On the jacket of his latest collection, *Twelve Red Herrings*, a comparison is made with Somerset *Maugham. This is a gross libel on a* long-dead artist, the hem of whose garment the noble lord is unworthy to touch. But let us lean over to be fair. Archer takes a lot of critical stick for his books but constantly tops best-seller lists. On the strength of these dozen tales, what are his qualities?

Without a doubt, he has the mysterious gift of persuading you to keep turning the pages even while you protest that life is too short. He *has no gift for, and no apparent* interest in, description, even when he sets his scene in Greece; his vocabulary is minimal; his dialogue is an undifferentiated middle-English; his prose is as flat as the fens that adjoin his fragrant household.

TWELVE RED HERRINGS
by Jeffrey Archer
HarperCollins £14.99, 324 pages

But I confess that I read every page of *Twelve Red Herrings*.

I regret it, of course. I should have been warned by the author's own admission that nine of these 12 stories "are based on known incidents...", which is rather odd, implying that the wells of the imagination have been running low.

Thus, we have an old Bond Street anecdote of husband and lover unwittingly sharing the million-*pound cost of a bauble for a beauti*ful woman, another of an Iraqi exile appalled to find himself on a flight diverted to Baghdad, another of an author listening in horror as a friend rehearses to him a draft plot of a book he himself has just finished, and yet another – yes, anecdote is the word – of an Aids victim who tries to con the insurance company by sending his lover to take his medical.

Very occasionally there is a *flash of wit – "like a chain smoker*, the former Colombian model was already searching for her next spouse before she had extracted the last gasp from the old one". There is a well-timed twist in the brisk story of a woman terrorised on a motorway. Cliché abounds: th[e] life insurance salesman *licks* h[is] lips; the pickpocket jailbird [is] called "Fingers", the bank manag[er] is absurdl[y] provincial.

Sometimes the plot is worryin[g]: cannot doctors tell if you are fa[k]ing blindness? How likely is a mu[r]der trial without a body? Now an[d] again there is a mistake – the F[T] has never had a "City Editor". An[d] the final episode is a slight an[d] old-fashioned parlour game i[n] which a *brief story is given fou[r]* alternative endings.

Not, I suggest, a book to sustai[n] a vacation, or even a flight. But i[t] might do for the departure lounge. I now see why the chairmanship o[f] the Party once beckoned.

War and the heirs of blame

Germany and Japan lost the war but comprehensively won the peace. They are economic giants which dominate much of the world economy. What their erstwhile leaders failed to achieve with force they have since peacefully conquered by *commerce. Having once pro*voked the world's disgust, they now command admiration. *Herein lies a vibrant moral.*

Their success was not of course entirely home-grown. As soon as hostilities were over the Allies needed them in the confrontation with Moscow. Aid and expertise poured in, and neither was *burdened by defence spending.* Reconstruction at home and help from abroad make a fertile loam for their economies.

But this peacetime success story cannot obliterate some ugly facts. Germany's Nazis and Japan's war leaders were responsible for horrific crimes. Unquestionably the greatest was the Nazi attempt to murder Jewry. This endeavour was not matched, in its deliberation and vast industrial scale, by the Japanese. Their crimes, such as the inhuman prison camps, *the use of human sub*jects in experiments, and the *Rape of Nanking – six weeks* of rape, cruelty and murder in which a quarter of a million *Chinese civilians died at the* hands of marauding Japanese soldiers – took place on a different scale, and with less cold-blooded efficiency.

But what do Germans and Japanese now think about their recent past? Buruma has *interviewed, observed and* probed, alert both to the hollowness of excuses and the theatricalities of insincere repentance.

The result is absorbing and sometimes surprising. Buruma offers non-Germans and non-Japanese an insight into the mentality of the heirs of blame. For the heirs themselves his *book should make highly salu*tary reading, because there are still too many who deny the facts and therefore the guilt, and that is frightening. Bur*uma exposes them*, but at the same time honours those in both countries who face up to the past. And he is not averse to reminding the war's victors of their own crimes, for example at Dresden and Hiroshima.

There is a predictable divide between right and left. Liberals and left-wingers in Germany are ridden with horror at what some among their parents' generation did, and at the national *culpability for letting it hap*pen. Philosemitism is common among Germans of this persuasion, as a *gesture of reparation* and conciliation. But attitudes on the further reaches of the political right range from self-exculpation to denial, together with ugly scenes of Nazi-saluting thugs attacking foreigners. So far, at least, the standard *view is closer to the former* than the latter. One good way of avoiding a repetition of the past is to know it for what it was. Many in Germany have swallowed hard and looked into the mirror; and they have seen that they are the people of Goethe and Beethoven, Belsen and Auschwitz.

WAGES OF GUILT
by Ian Buruma
Jonathan Cape £18.99, 330 pages

*In Japan, matters are worry*ingly otherwise. Some plucky left-leaning teachers attempt to breach the official silence about Japanese war crimes by telling students what happened in the prison camps of Manchuria and the streets of Nanking. Notoriously, school histories pass these matters over in silence or a few vague sentences, for the establishment line is that Japan was not the perpetrator but the victim of war crimes: specifically, the atom-bombing of Hiroshima and Nagasaki.

The former city has become a shrine, built around a vast memorial "Peace Park". It is as if the terrible flash over Hiroshima wiped blank the slate of the preceding years, obliterating memories of Manchuria and Pearl Harbour and Japanese soldiers using live Chinese prisoners for bayonet practice. In Buruma's view, all but a brave few among the Japanese try either to justify or forget the wartime past, using the large figleaf of the atom bombings to do so.

There is nothing mealy-mouthed about refusing to allow Japan the comfort of forgetfulness. Buruma uncompromisingly reminds us that British bombers flattened Dresden and killed 30,000 citizens in a single air raid of no military value. The American atom bomb attacks were horrific mass murders of civilians. Victors do not get tried for war crimes; had Bomber Harris and the crew of the Enola Gay been indicted, what would have made them different? But the Allies' *sins fall far short of Jap*anese war crimes, and very far short of what the Nazis did. Preventing a recurrence of these evils depends on responsibility for them being accepted in the right quarters. Buruma shows that in this respect, Germany is far ahead of Japan.

A.C. Grayling

Movie mogul fetishes

Was Walt Disney the illegitimate son of a Spanish washerwoman? Did Irving Thalberg, MGM's *boy-wonder mogul*, enjoy evenings of cross-dressing with actress wife Norma Shearer? Did Walt himself dress up in his mother's clothes (assuming she was his mother) during his strange, tortured childhood?

Film biographies are a law unto themselves. Studio chieftains may be boring administrators with one eye on the bal*ance sheet, the other on* getting home for dinner: but not if their portraitists in print can help it. Here, in two movie monographs, are two of the season's likeliest controversy-stirrers. Or rather one stirrer and one gentler probe – Roland Flamini's *Thalberg* – with a few gossipy grace-notes.

Irving Thalberg was the model for F. Scott Fitzgerald's "last tycoon" and the most *meteoric* figure in movie management history. A top Universal executive at 20, he was run*ning MGM, with a little help* from L.B. Mayer, at age 23. Frail of health, he was small and thin but handsome-featured, with a faint resemblance to Fitzgerald himself. The novelist worked for Thalberg during a brief galley-slave interlude in Hollywood and obviously saw a mirror image in this tragic showman who would die young (37), after a life spent trying to beat some quality into that vulgar beast called cinema.

But how much do we prize that "quality" today? When we look at Thalberg's movies – *The Barretts Of Wimpole Street, Romeo And Juliet, Marie Antoinette* – we seem to be talking more about Quality Street: a confectioner's parade of literature-based period goodies, in which brave men and noble women (usually played by his wife) stand up and accost the camera with deathless prose.

And when not turning MGM into a movie-world Madame Tussauds, Thalberg volunteered for critical execration when he pushed Erich Von Stroheim off the Mayer payroll. He famously sacked the actor-director for going over budget on his 1922 extravaganza *Merry-Go-Round*. Then later, when accident brought the Teuton back into Thalberg's orbit, the young executive sliced Erich's five-hour "masterpiece" *Greed* – to posterity's horror – to 2½-hours.

But Flamini offers some counter-attacking facts. Thalberg pressed for many projects that the prudish Mayer thought too *risqué*. He brought writers like Fitzgerald and Faulkner to Hollywood. And he persuaded Mayer – for which all else might be forgiven – to sign up the Marx Brothers.

As for the private Thalberg, Flamini peers and guesses. He sees a gentle, undersexed man who escorted Norma through a married life of such amorous uneventfulness – apart from some sketchily-sourced garment-swapping – that after his death Norma went on a crazed promiscuity spree.

But the book also suggests that Thalberg's repressed libido found expression in a liking for kinkier, more "daring" movie projects than Mayer favoured. Thalberg approved the foot fetishism and other piquancies in Stroheim's films – it was the prolix director's "footage fetishism" he lost patience with. And he encouraged Jean Harlow to bring some much-needed earthiness to MGM. Indeed if it had not been for Norma and her costume parades, the Thalberg filmography might be a lot more interesting and *outré* than it seems today.

THALBERG: THE LAST *TYCOON AND THE* WORLD OF MGM
by Roland Flamini
Andre Deutsch £17.99, 302 pages

WALT DISNEY: HOLLYWOOD'S DARK PRINCE
by Marc Eliot
Andre Deutsch £17.99, 296 pages

Can you name an illegitimate French-Hispanic American who became an FBI info[r]mant in the brief interval *between drinking to excess* an[d] indulging what we may ca[ll] the Lady Macbeth Syndrom[e]: obsessive *hand-washing*. H[e] was also a union-basher, [a] childhood cross-dresser and a[n] anti-semite.

Yes, it is Walt Disney. An[d] there is more. According t[o] Marc Eliot's *Walt Disney: Ho[l]lywood's Dark Prince*, the cr[e]ation of Donald, "the sexuall[y] provocative, libidinous duck, represented "a full-scale mer[g]ing of Disney's psychic lifeb[l]ood with his animated ink world." And what Eliot say[s] about Snow White and th[e] dwarves we will leave to you[r] *imagination*.

All this should be a surpris[e] only to those not steeped i[n] now-it-can-be-told *biographies*. We know that J.M. Barrie, A.A. Milne, Beatrix Potter and othe[r] children's artists were deepl[y] sick people, who would proba*bly have been serial* killers i[f] not tempted sideways by litera[ture]. So why not Walt?

Some of Eliot's book is well sourced, though not actuall[y] new. *Much of it is wild* speculation: especially the illegitimac[y] and the psychosexual movi[e] interpretations. But perhap[s] we are none of us harmed b[y] the occasional adventurist ri[p] into the hygienic fabric of th[e] Disney ethos.

Nigel Andrews

ARTS

A new culture for a new society

South Africa can at last explore the wider imaginative world beyond apartheid, says ***Patti Waldmeir***

South African art has finally begun to recover from the struggle against apartheid. Apartheid was bad enough, with its virtual refusal to fund any art form which did not mimic Europe; then came the struggle against apartheid, with its ready-made themes and powerful stories.

But in 1990, when former President F.W. de Klerk announced the imminent demise of apartheid, post-struggle torpor began to set in. Artists fed on a constant diet of apartheid atrocities – and heroic responses from the townships – found it hard to kick the habit of political theatre and politicised art. Now they too have been liberated by April's elections: for the first time they are free to explore the wider imaginative world beyond apartheid and racism. It was a rich vein, but years of struggle art have mined it out and the country is well and truly ready for something new.

This year's Grahamstown festival – which artists used to boycott because of its Eurocentric bias – marks the beginning of South Africa's artistic recovery from post-apartheid ennui. Run for years by the "1820 Settlers' Foundation" festival art used to be almost exclusively English (not even Afrikaans) and derivative of Europe.

This year's festival, too, has its performances of recent London stage hits (*Travels with my Aunt* and *Arcadia*), a good *Traviata* and some fairly standard symphonic fare. But the best works are South African originals – and in the new South Africa, that means anything from township theatre to dramatised fables, African opera to two-hander tragedies of white domestic life. Of the 12 performances I saw in one short weekend at the festival, there was hardly a moment to regret. As a hardened Edinburgh-goer, I am ruthless about abandoning sub-standard performances; at Grahamstown, I stayed to the end of every show.

Festival organisers, under pressure to make art reflect the complexion of the new South Africa, say they aim for an equal mix between indigenous works and those originating abroad. "We don't want to lose the Western component," festival chairman Professor Alan Crump told the Johannesburg newspaper, the Weekly Mail, recently. "It is a mistake to go blindly indigenous. If it's a question of baby and bath water, what we want to do is create a swimming pool."

He points out that there is no reason to believe that black South Africans only like African art – far from it. Ballroom dancing has gained enormous popularity in black townships, the Soweto String Quartet has an enthusiastic following – maybe opera will take off as well, he suggests.

The challenge for South African art is not just to adapt Western forms to African audiences, but to develop works which draw life from each of the country's many cultures, or from several at once. To judge from the festival offerings, non-verbal art forms such as dance do this most effectively: the Zimbabwe modern dance troupe Tumbuka almost makes a joke of it, alternating Strauss waltz tunes and African drums in stunning routines choreographed for white woman and black man; and the opera *Enoch, Prophet of God*, performed as a work in progress, uses traditional Xhosa church hymns and the contemporary score of composer Roelof Temmingh to tell the powerful story of the massacre of an Israelite religious sect in 1921. It is a haunting and lovely work which provides hope that high-brow art forms can prove their worth in the new South Africa.

The festival does not entirely escape from old-style moralising: for those whose liberal guilt has survived into the post-apartheid era, there is *Emakhishini (In the Kitchen)*, performed by the Domestic Workers Union of South Africa. And there are the predictable dramas of feminism, rape, homosexuality and incest common to all Western festivals (yet even that is welcome, as it shows South Africa at liberty to indulge its obsessions, just like any other nation).

What is mostly gone is apartheid angst, and what has mostly replaced it is wit and satire of a high order. Nicholas Ellenbogen's Theatre for Africa performs several short plays based on visual wit and fable which are a delightful break with the past; Themi Venturas' *Birth of an African Day* is billed as a "celebration of South African poetry, prose and drama" but is far more entertaining than the blurb would allow; and the Amakhwenkwe Cultural Group (despite its rather literal name) pokes fun at apartheid – and even at Nelson Mandela – in its play *Eita Da! Hoezit?* The most distressing performance I saw was not really about South Africa at all; a drama of domestic violence, Vanessa Cooke's *This is for Keeps*, which could be set anywhere that men abuse women, and get away with it.

After hours, there is cabaret, jazz, pasta and drink – pretty much along Edinburgh lines, except the wine is better. Numerous craft markets sell not only African crafts, but South Africa's own version of the traditional. And Grahamstown's well-preserved Cape Dutch architecture is a constant pleasure. The only disappointment was the accommodation – festival goers are put up in some of the coldest private homes in the southern hemisphere. But despite the cold, the sun celebrated the arrival of the new South Africa – shining as brightly as on the day Nelson Mandela was inaugurated, and liberated art finally from the struggle.

The Grahamstown Festival continues until Sunday.

The haunting magic of a Russian masterpiece

Comedy and irony prevail in the National Theatre's new production of 'The Seagull', reviewed by ***Alastair Macaulay***

Chekhov has become a playwright whom other playwrights like to set in versions of their own, much as poets do with those of Racine. You can see or read Brian Friel's Chekhov, Trevor Griffiths's, David Mamet's, Ronald Harwood's, and (pre-eminently) Michael Frayn's, as you can see or read Robert Lowell's Racine, Douglas Dunn's, Richard Wilbur's, Craig Raine's.

Recently, the National Theatre has started to give us Pam Gems's Chekhov: first in the 1992 *Uncle Vanya*, and now in *The Seagull*. (Her Chekhov career began in 1982, with *The Cherry Orchard*, for Leicester.) Like Griffiths and Mamet, she does not come to Chekhov by way of having learnt Russian, but by way of someone else's literal translation. She attends, in particular, to directness of speech; and to hell with precision. Where Constance Garnett (1920s) has Trigorin say "And when I die my friends, passing by my grave, will say, 'Here lies Trigorin ...'" and Frayn (1978) has "... and when I'm dead my friends will say as they pass my grave: 'There lies Trigorin ...'", Gems has "On my gravestone: 'Here lies Trigorin ...'" Snappy, but not actually correct. Characterisation is vital, writes Gems, but would Arkadina really call Nina "darling"? Arkadina is an actress, sure, but hers is not mere luvvy-speak. In Garnett, it is "my dear", in Frayn "my sweet": both of which catch nicely Arkadina's affectionate but distant condescension.

Well, there is nothing so wrong with these details that a good production cannot correct. (The 1992 *Vanya* was first-rate.) The director on this occasion is John Caird. With excellent actors, he gives us a *Seagull* that is funny, truthful, interesting, but sometimes lightweight. There are details in the play that have not yet acquired enough impact – there seem to be too few pauses, too few moments when we are aware of life offstage – and too much happens on the stage's centre-line. His two most curiously ponderous strokes are to make the characters all walk around the stage, in separate orbits, before and after the action (which tells us "All these different people – only think how Chekhov interconnects them!") and to spotlight, at the end, the stuffed seagull (which tells us "Think About This Ambiguous Symbol Before You Leave"). But Chekhov was not a symbolist, and he is ironic about the way that his young characters Konstantin and Nina employ the symbolism of the seagull.

Nonetheless, much in this *Seagull* is fresh. Caird makes it a play of impulsive women and weak men: Edward Petherbridge, marvellously playing Dorn as a quietly elegant spectator, is forever having people throw their arms round him; and there is a very revealing touch early on when Nina throws her arms round Konstantin's neck and kisses him – and, even though it is he who is in love with her, he is not assertive enough to hold her, and he keeps his hands hovering just off her waist. I have never been so constantly aware of the irony of the A-loves-B-who-loves-C-who-loves-D-who-loves-E (through to H) structure of this play, nor of the fact that Masha, in marrying a man she does not care for while loving another, is repeating her mother Polina's story.

The most interestingly re-thought characterisation comes from Bill Nighy, who plays the writer Trigorin as a man of remarkable diffidence and restless nervousness. Almost too restless to keep one's mind on in Act Two, but revealing the character's passivity. Nina rushes at him, Arkadina engulfs him; he is their amorous pawn for a while – and then he retreats to his writer's notebook. Judi Dench plays the dominating Arkadina to brilliantly funny, absurd effect; and I love her daring in showing the character's most odious, selfish side from the very first. Her hilarious masterstroke comes in pulling Trigorin to the floor in Act Three and making love to him while praising his literary skills. "Impossible to read you without delight," she says, lying on top of him and covering him with kisses. The flattered author and the selfish seductress achieve their horizontal climax: whereupon she, the cat who got the cream, says slyly "He's *mine*" – and he scribbles some more notes.

Chekhov called it a comedy, and Dench helps him out wonderfully. (Just see her doing a little run across the stage like a 15-year-old and then turning to enjoy her effect on her audience. And watch her re-bandaging her son Konstantin's head: she makes the little practical issues, like the inconvenient placing of his hands and the scissors, unforgettably funny.) Those of us who, perhaps wrongly, love Chekhov as a master of tragicomedy may perhaps miss some of Arkadina's anguish – the violence of her changes of mood with her son Konstantin, and the despair with which she reclaims Trigorin. More crucially, we may find the anguish of Konstantin, who is played by Alex Cox, only intermittently absorbing here. Cox is half so interestingly Oedipal and intense that you wonder why the other half pales away.

Helen McCrory, as Nina, never pales away for a moment. She is all impulsive radiance, and her every entrance sets the play's temperature jumping. But, again, the character's pain makes too little effect, and her rapid changes of thought in her near-delirium in Act Four are not arresting. I could not always believe in the moonlike starings of Rachel Power as Masha, but everything in Anna Calder-Marshall's account of her mother Polina is revealing. Most perfectly among the whole cast, she catches the compulsive self-contradictions of which Chekhov's characters are made: especially when she admires the flowers Nina has just given Dorn, suddenly insists he gives them to her, and then rips them apart. Norman Rodway's characterisation of Sorin is too stagey, but Robert Demeger has just the right gaucherie for Shamrayev.

Judi Dench as a brilliantly funny, absurd Arkadina with Bill Nighy, an interestingly restless, diffident Trigorin — Alastair Muir

Opening night had its technical trauma, with two huge frame sets that hung perilously in mid-air, failing to ascend and descend for ten minutes. But John Gunter's decor offers us enough lovely realism without swarming detail. Dominic Muldowney's music consists mainly of a rather fine *valse triste*. In Act Four, Konstantin is heard playing this on the piano offstage; and Masha and Polina – daughter and mother briefly united in sympathy as unhappy wives and lovers – start to waltz, the vodka glasses still in their hands. Here is the true Chekhovian magic. No modern playwright is more haunting.

In repertory at the Olivier Theatre

Totally infectious: a scene from Lynn Ahrens' and Stephen Flaherty's 'Once On This Island' with Clive Rowe, left — Alastair Muir

Caribbean rhythm and blues

***Martin Hoyle** enjoys a bittersweet myth of love and innocence*

From Broadway to Birmingham Rep: *Once On This Island* has opened in the Second City after a year and a half on the Great White Way, following modest off-Broadway beginnings. A bittersweet myth that recounts in Caribbean rhythms and melody the ill-fated love of a peasant girl for one of the mulatto haut monde and how she changes, like Daphne, into a tree that shelters him throughout his life until one day they are reunited.

Despite informative, one might say didactic, programme notes on colonialism and slavery, the piece's charm lies in its innocence and apparent absence of preaching. The plot unfolds as a story told to soothe a frightened child in a thunderstorm, the tale of a girl so happy that the gods decide to "knock some sense in her head". The all-black cast moves from supernatural to earthy, from historical to modern (the young dude wears a sharp suit, the accident by a pair of headlights; but his father sports an ancien régime cravat and waistcoat). In the production by David Toguri (choreographer) and Gwenda Hughes, ten adults and one child make up a company of markedly individual talents including such established West End and recording favourites as Shezwae Powell and PP Arnold, not to mention Clive Rowe, Mr Snow in the National's *Carousel*. The result is totally infectious.

Lynn Ahrens (book and lyrics) and Stephen Flaherty (music) have kept the show to 90 minutes, without interval, with scarcely any spoken dialogue.

The score is mainstream rather than rock, in the tripping syncopations and wistful melodic line of the Afro-Caribbean with a strong French flavour. Poignant waltzes evoke the old Gallic influences, both in a brisk post-Toussaint L'Ouverture history lesson and the society ball where little Ti Moune learns that her beloved is engaged to someone else. A vein of sombre lyricism in the more introspective ballads steers well clear of sentimentality or Lloyd Webbery.

The show is something of a triumph for Lorna Brown as Ti Moune, who declares of her creole lover that "his ancestor once loved a peasant girl; this time he will marry one". She sets off in search of the impossible on the steep winding ramp of Kendra Ullyart's revolving set, flanked with palms and shanty porches. Alas, this is no road to Oz, merely the other side of the island where she can be a mistress but never a wife. Brown looks 14, has a terrifyingly vulnerable air of wide-eyed wonder and a radiant, heart-touching smile, and can belt out a song with the assurance of someone twice her age.

The same careful casting has gone into the rest of the ensemble, whether as trees, frogs, birds, malicious gossips or all-powerful deities – Rowe hisses out a malevolent incitement to murder as a snake-hatted god of death. The magnificently baritonal Sharon D Clark socks a number called "Mama will provide" to us, resembling a cross between Jessye Norman and Carmen Miranda. Suzanne Packer brings incisive style to the socially acceptable fiancée. Great fun; very touching; only the jinx that traditionally hangs over interval-less shows makes me concerned for its possible West End career.

Heritage at a price

Classing a Van Gogh as an historic monument is costing the French government dear, says ***Nicholas Powell***

Last week, the French ministry of culture gave only half a sigh of relief after a Paris appeal court reduced compensation, payable by the state to Jacques Walter, the owner of a Van Gogh painting classified as an "historical monument", from Ffr422m to Ffr150m. The tortured and claustrophobic "Jardin à Auvers", painted a few days before the artist's suicide, had been classified and prevented from leaving the country in July 1989. It was sold at auction in Paris in December 1992 for Ffr55m, a sixth of its estimated value on the international art market.

The compensation which the state must now pay, for the first time ever, is equivalent to 18 months of the budget of all France's national museums for the purchase of works of art. The advisers of culture minister Jacques Toubon met immediately after the court's ruling to discuss whether the state could avoid payment and also ponder the wisdom of taking the case a legal step higher to the Cour de Cassation.

Alarmed by the Walter verdict, French art historians, museum curators and Mr Toubon have called for radical legal and fiscal reforms to preserve the nation's artistic heritage without bankrupting the state through the purchase of works at international prices it can ill afford, or the payment of compensation.

The ministry of culture hoping that the compensation award might be overturned, waited for last week's verdict before deciding on its next moves on tax reform. Toubon, who says he is very impressed by British tax facilities in the same field, could start pressing his finance ministry colleagues in the autumn for fiscal reforms which would constitute a different form of compensation for the owners of national art treasures, and one less traumatic for museum funds. Ministry advisers have been working on proposals to waive death duty, for example, for the owners of art works which have dropped in value because they cannot be sold on the international market – either because the state has taken the unusual step, as with the Van Gogh, of making a work an historical monument, or more simply, refusing it permission to leave the country.

Jacques Walter's Van Gogh was classified before the introduction last year of a system of "certificates", which are required to enable works of art of a given market value to leave France. Dismayed by the Walter verdict and unhappy with the certificate system, Pierre Rosenberg, curator-in-chief of paintings at the Louvre, and Françoise Cachin, head of Paris's Orsay Museum, have demanded a new legal and tax framework to preserve the country's art masterpieces. Both curators have praised the way in which Italy, Germany and Spain list works which may not leave the country and have enthused over the "pragmatic wisdom" of Britain's methods of retaining art works of interest for a period of six months and granting tax favours to art owners.

Françoise Cachin and Pierre Rosenberg have called on the French government as a matter of urgency to boost French museums' meagre Ffr100m annual budget for acquiring works of art. They also recommend tax measures similar to those under discussion by the ministry of culture to encourage art collectors not only to preserve, but also to acquire national treasures.

Making French cultural authorities additionally nervous this summer, is another lawsuit being pressed by Jacques Walter to obtain nothing less than restitution of the extraordinary Walter-Guillaume art collection housed in the Orangerie in Paris. It comprises, among many others, 24 Renoirs, 16 Cézannes, 10 Matisses and 12 Picassos, and was bequeathed to the state in two instalments in 1958 and 1963 by Juliette Lacaze, successively the widow of the dealer Paul Guillaume and of Jean Walter, the father of Jacques. The Walter family claims that Juliette Lacaze donated money to the Louvre to enable the museum to buy the paintings, thus disguising the donation as a purchase to avoid a legal obligation to bequeath part of the heritage to her husband's children.

Following last week's verdict on the Van Gogh compensation, Jacques Walter also intends attacking the French state in the European courts for failing to pay interest on the Ffr150m which he may now, at long last, receive.

Impressionist view from Brussels

***William Packer** admires the work of the Belgian avant-garde*

To take issue with its title is an easy way of criticising at an exhibition, yet it can also be a useful in clarifying the issue at the outset, dispelling any misapprehension.

"The Belgian Avant-Garde *1880-1900*", the sub-title of the show in the Royal Academy's Sackler Galleries, has the virtue of exact description, but even the most pro-Belgian would concede that on its own it sounds just a little dull. So what of *Impressionism to Symbolism*, the main title? One can see all too well why those two big *-isms* were chosen – everyone has heard of them; together they neatly suggest the period of the show; and the merest mention of *Impressionism* is sure to draw the punters in.

The only trouble is that it is not quite right. Vague in its generality, it gives the unfortunate impression that here is little more than an annexe to the French painting of the time, so dominant still is the Francocentric reading of the art history of early modernism. And in its particular conjunction, it proposes a narrative sequence, development or shift from the one *-ism* to the other.

This is a pity because the show, in both material and critical content, is so much more interesting than that. Indeed my only complaint is that there is too little shown of a rich and fascinating subject. Between the one and the other would have been the better choice of title.

What this exhibition actually gives us is not a sequence at all but rather an over-view, as though looking down into a house with the roof off, and no matter whether the contemporaneous activity revealed is complementary, contradictory or unrelated. It is an admirable exercise for the Academy to have taken on, for one of the most rewarding critical developments in recent years has been the renewal of comparative interest in the national schools in the early modern period. In this, the Academy has often taken the lead, if not always the credit it deserves.

What is revealed, and especially in this exhibition, is that while at particular moments certain places – for all sorts of historical, political and cultural reasons – become *the* place to be, the focus of current interest and activity, it is never the only place where significant creative work is being done. Of course Paris was of first importance in the later 19th century, *primus inter pares*, but what of Berlin, Copenhagen, Oslo, the Hague, Turin, Barcelona, London, Glasgow, Vienna, Brussels . . . ?

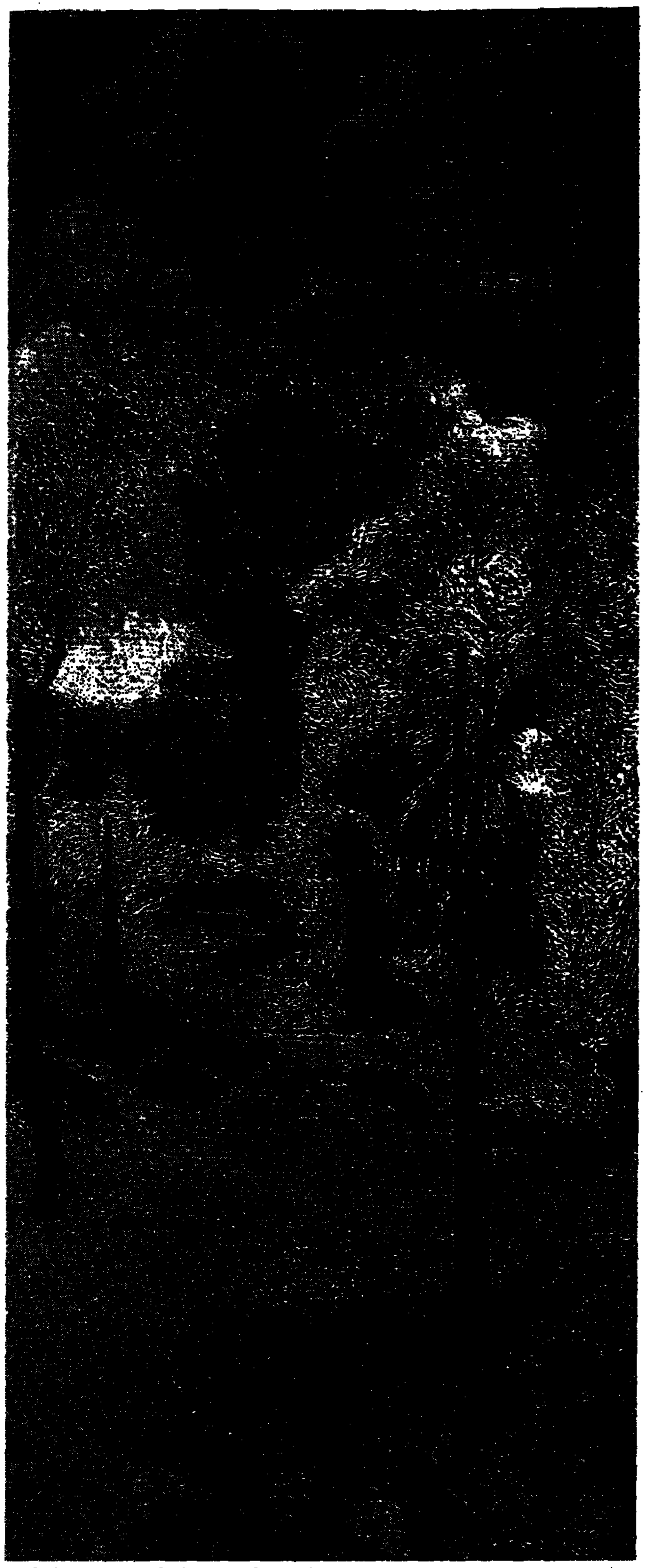
It is the premise of this show, with Brussels at its centre, that we ask the same question. What we find is that the Paris relation is evident enough, yet what little of Impressionism there is seems closer in its robust spirit to what was going on Holland and Scandinavia than to Monet or Pissarro. Bartsoen's barges in the snow and Mertens' moonlit fisherman are fine, straight-forward examples.

There is, admittedly, a lot of post-Impressionism, in the pointillism of Lemmen, van de Velde, Finch and van Rysselberghe – indeed disproportionately so, though with some splendid examples. A more intriguing French connection lies in the social realism of such as Bastien-Lepage, but then again the ramifications run throughout Europe, from Newlyn to Stockholm, Glasgow to Turin. The Belgian view is notably represented here by the large "Funeral Wake" of Leon Frederic, the "First Communion" by Emile Claus and van Leemputten's "Distribution of Bread in the Village".

More particular is the reference to the social symbolism of Millet and Puvis, which we find in Verstaete's "Barge Haulier" and Verheden's "Gleaners"; and to the psychological symbolism of Moreau and Redon, in the dreamlike, haunted drawings of Fernand Knopff, and the dark, mysteriously inhabited interiors of Xavier Mellery. Rops seems included as an afterthought – a missed opportunity. These two aspects of symbolism come together in the angst-ridden sculpture of Meunier and Minne. With Spilliaert's hypnotic self-portrait, the step is forward into psychological expressionism – again we could have done with much more of him. There are cross-references and blurred distinctions everywhere.

With James Ensor, still the best known of the early Belgian modernists and central to the show, such shifts are endless – expressionism, symbolism, realism, on their own and all at once, even in the small selection here. The comparison with Munch is inevitable, and proposes what is perhaps the message of this show. For him the view from Brussels stretched east to Berlin and north to Oslo quite as much as south to Paris. The artist is free even to stay where he is. To be local is not always to be provincial.

Impressionism to Symbolism – the Belgian Avant-Garde 1880-1900; Royal Academy, Piccadilly W1, until Oct 2. Sponsored by Société Générale de Belgique, Union Miniere, and Tractebel.



'Garden in Summer', 1892, by Henry van de Velde at the Royal Academy

Off the Wall/Antony Thorncroft

All change at the Arts Council

The Arts Council was quietly relaunched this week. Gone is that old Arts Council of Great Britain which closed down arts organisations, cut their grants and bombarded them with bureaucracy. In its place is a new supportive, user friendly, Arts Council of England that wants all arts lovers in the country to join its campaign to persuade the government to give it a larger grant in 1995-96. The miserly frozen sum of £186m that it is currently promised, warns the council, could lead to the disappearance of some arts companies.

The new secretary general, Mary Allen, speaking on behalf of the new chairman Lord Gowrie and bolstered by such fresh members at this week's Council meeting as Richard Rodgers and Trevor Nunn, tore up the old strategy of picking winners and funding fewer but better arts groups, and instead promised to fight for all.

As a first step the new music chairman, Gavin Henderson, has deferred the planned overhaul of the regional orchestras, so no section of the arts is currently in line for the torture chamber. The council is batting for everyone and negative talk about the minutiae of the council's distribution of subsidies to clients is to be discouraged – at least until the New Year.

Mary Allen has accepted the uncomfortable reality that if the council is to make a case for a higher grant for next year it has to act now. Contrary to rumours, Lord Gowrie had not come with a dowry: speedy lobbying of the Treasury is essential. The urgency is inspired by the most quixotic of reasons. By next January the National Lottery money will start to flow into the arts at a rate of at least £100m a year, perhaps rising quickly to £200m. With all this extra funding no one is going to take seriously hard luck stories from whinging arts companies.

In fact the council faces an almost impossible task in trying to persuade government and public that some arts organisations, especially the orchestras and touring drama companies without permanent homes, will still be facing horrendous financial difficulties next year. Lottery money is supposed to go towards capital projects, although the heritage minister Peter Brooke has quickly bowed to reality and allowed some grants to go towards endowments, and funding the inevitably higher running costs that follow from building improvements.

This is fine for the National Theatre and the Serpentine Gallery, with capital projects in hand, but of little obvious help to transients like English Festival Ballet or the Bournemouth Symphony Orchestra. The fear is that two classes of arts company will emerge; thrusting, building based organisations favoured by the booming lottery, and hard-pressed, touring performers financed by an under-funded Arts Council. Still, it is impossible to believe that if arts funding in the UK doubles next year some means will not be found to help out the genuinely needy.

★

Millennium Fund hopefuls are falling into some rough kind of pecking order. The Royal Opera House has just received a boost, with Westminster Council finally accepting its rebuilding plans; but Albertropolis, the scheme to give London the world's leading museum city in South Kensington, has received a setback, with the Royal Albert Hall withdrawing from the project.

The new secretary general has torn up the old strategy of picking winners and has promised to fight for all

The cost, £150m plus, was always against it, and now the RAH feels that its own renovation plan, including a pedestrianised piazza linking it with the soon to be refurbished Albert Memorial, stands more chance as a separate project. It also enables the RAH to apply to the arts lottery honey-pot, rather than the Millennium Fund, if it thinks that avenue offers a better chance of cash.

Ernst & Young was very happy with its £350,000 investment in the Picasso show at the Tate Gallery earlier this year. Not only did it attract a record 300,000 visitors but it also enabled the consultants to profitably wine and dine clients and contacts.

So pleased were they in fact that the company is already clamouring for more. In 1996 the Tate will present the first major Cézanne exhibition for years, with around a hundred of his greatest paintings, and Ernst & Young is the sponsor. It is also underwriting two smaller exhibitions, including the display next spring of architectural proposals for the conversion of the Bankside power station into the Tate museum of modern art.

Every time the phone rings in the Tate's development office these days it seems to bring good news – BP is to sponsor the annual re-hangs for another two years; Reed Elsevier is supporting the major Whistler show opening in October; and Channel Four has signed up for three more years of the Turner prize.

The shortlist for this most controversial of art prizes will be announced later this month and the feeling is that painters might once again be considered to be artists after years in which a sculptor or conceptualist has walked off with the £20,000. Possible names in the frame include Tony Bevan and Jenny Saville, but they might have to compete with the likes of photographer Andy Goldsworthy, sculptor Antony Gormley, and butcher's boy Damien Hirst.

Brian McMasters, director of the Edinburgh Festival, is feeling schizophrenic. Ticket sales to date for the festival, which opens on August 14, are over 40 per cent higher than a year ago. But they are virtually all for music and dance events: his ambitious drama programme, built around a seven hour production by German director Peter Stein of the *Oresteia*, in Russian, is finding few takers. Perhaps the locals, who make up 60 per cent of the festival audience, have not quite recovered from Stein's 1993 offering – *Julius Caesar* in German.

With the festival on course McMasters has time to patch up his continuing row with Timothy Clifford, director of the National Gallery of Scotland. Clifford wants his big summer shows, in particular the significant *French painting from Monet to Cézanne*, to be included in the festival, or at least in its official programme.

McMasters has resisted, and instead suggested that the National Gallery takes part in an autonomous visual arts festival, incorporating all Edinburgh galleries, to coincide with the main event. Clifford has gone along with the idea this year, but hardly relishes the thought of one of the leading art museums in the UK mixing regularly with some very small fish. The conflict between the two leading figures on the Edinburgh arts scene remains unresolved.

But this pettiness is nothing compared to the problem facing Bill Burdett-Coutts, who at festival time runs the Assembly Rooms, far and away the biggest Edinburgh Fringe venue. This year he cannot sell tickets for the shows he is presenting at the Assembly Rooms own box office. His landlord, the City Council, insists that it only dispenses Edinburgh Festival tickets, or tickets for future Edinburgh events.

So the 115,000 people who cram the Rooms each year will be directed to a separate Portakabin ticket office in one of the lanes around the back.

Out of tune on Broadway

***Karen Fricker** reports on the parlous state of new musicals*

It has been a beastly year for new musicals on Broadway. Only two of the four shows nominated for the Best Musical Tony Award even stayed running until awards' time – Walt Disney Theatrical Productions' stage version of the animated feature *Beauty and the Beast* and Stephen Sondheim's *Passion*, itself a kind of beauty and the beast story in reverse.

If *Passion's* sweep of the Tonys – it picked up four awards, including Best Musical, at last month's ceremony, to *Beauty's* one – represented some sort of victory of high art over big business, it proved to be short lived. The day after the ceremony, *Beauty* set an all-time Broadway box-office record for single day ticket sales. Punters were apparently drawn in by a clip from the production and a commercial shown during the national television broadcast of the awards. *Passion*'s business, by comparison, was only average.

The two productions continue to battle it out for audiences, but the real contest between them – dire efforts both – is which of them is less suited for the Broadway stage.

With extensive rewriting and a completely new production, *Passion* might make a passable chamber opera, but its more likely fate is some back corner of Sondheim's desk. With this project, Sondheim seems to have abandoned completely the qualities that make his best work – *Sunday in the Park with George*, *Into the Woods*, *Company* – so splendid. Gone are the soaring melodies, the super-smart lyrics, the wry wit, the wrenching moments of self-awareness for characters and audiences alike. Humourless, arid, and musically unmemorable, *Passion* is the antithesis of entertainment, at once overblown and undercooked, portentous and insubstantial.

Not to mention confusing. Based on *Fosca*, an obscure 19th century Italian novel by Ignio Tarchetti – which was also the source of the obscure 1981 film, *Passione d'Amore* – *Passion* tells the story of an Italian army captain, Giorgio, who is forced to leaves his beautiful mistress Clara when he is stationed to a remote outpost. The local colonel's unattractive, sickly cousin, *Fosca*, falls in love with him, and although he is initially dismissive of her, he eventually comes to return her love, dismissing his relationship with Clara as insincere.

The plot turns on Giorgio's change of heart, but nothing in the musical lets us know why he would suddenly fall for a woman he has previously found so repulsive. What Sondheim and librettist/director James Lapine seem to be aiming for is an atmosphere of melodrama in which logic is less important than the characters' heightened experience. But since the characters neither compel on their own nor carry any historical or metaphorical significance, we search for emotional truth as some kind of grounding for this story, and find none.

Sondheim's 'Passion' may have swept the Tonys, but it falls short on both story and music

Early on, for example, it is dangled before us that Fosca and Giorgio share a love of books, but we wait in vain for scenes in which that, or some other, common ground is explored.

Passion's most potentially interesting character is Fosca, but from her first appearance – descending on an upstage staircase behind a transparent scrim – it is clear that the musical is going to treat her as an object of curiosity rather than allow us into her complex psychology. We are given no reason to care about her, so that when Fosca throws herself at Giorgio's feet and begs for his love, it is so embarrassing we are forced to look away.

The element that could hold everything together – the music – is hindered by the work's oddly halfhearted form. The subject matter seems to lend itself to a sung-through format, but Sondheim and Lapine have laced the music through with passages of spoken dialogue. Though lacking in identifiable songs, Sondheim's score has lovely, melodic passages; but just as the music begins to charge the atmosphere, the stilted dialogue sends the tone plummeting into the banal.

Lapine's stately, dispassionate production worsens matters. One would expect a story of fervent love to have an equally torrid pace, but except for the aptly erotic first scene, in which Giorgio and Clara writhe naked in bed together and sing of their love, everything about the production moves at a monotonous glide. Jane Greenwood's nicely wrought costumes place us specifically in the late 19th century, but Adrianne Lobel's expressionistic sets of sliding, mottled walls strand us somewhere in contemporary design limbo.

What sparks do fly in *Passion* are largely thanks to Donna Murphy's hugely committed, beautifully sung performance as Fosca, for which she won the best actress Tony. Jere Shea as Giorgio sings well but his acting is very bland, only adding to the character's – and the musical's – inscrutability.

As for *Beauty and the Beast*, where it really belongs is on screen: the sublime animated feature instantly earned classic status among the Disney oeuvre when it was released in 1992. Where this stage version belongs is in a theme park; gaudy and ham-fisted, it systematically manhandles everything that made the screen version so memorable.

In place of Disney's lavish animation, ponderous and unattractive sets heave hydraulically across the stage; instead of magical special effects, a dry ice machine puffs faux fog and firecrackers fizz; for the film's delightful enchanted characters we have third-rate performers sporting padded and molded outfits, declaiming Howard Ashman's piquant lyrics with the delicacy of elephants on parade.

And yet, amid this debâcle, the core of the *Beauty* story – the taming of the Beast (Terrence V. Mann, convincing even under a mountain of makeup) by the lovely, bookish Belle (the winning newcomer Susan Egan) – still charms. The inclusion of a few key scenes of character development, in which Belle and the Beast find common ground by reading stories together – the very sort of scenes, down to the subject matter, that *Passion* lacks – adds a level of human interest to the story that shines through *Beauty and the Beast*'s relentless gaudiness.

Walt Disney superior to Stephen Sondheim on story structure? So goes this Broadway season.

Chess No 1029: 1 Qc1(threat 2 Qh6) e3 2 Nxc4(threat 3 Nd6 and 4 Nf7) dxc4(if a3 or b2 3 Nxa3/b2) 3 Qh1 g2(else 4 Qa8) 4 Qxb2 mate.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Felix the Cat. 7.45 Joe 90. 8.10 The Flintstones. 8.35 Round the Twist. 9.00 Parallel 9. 10.52 Weather.

10.55 Grandstand. Introduced by Steve Rider from Silverstone. 11.00 Cricket: Benson and Hedges Cup Final. Warwickshire v Worcestershire from Lord's. 1.15 News. 1.20 Motor Racing. Final practice for tomorrow's British Grand Prix. 2.05 Cricket. 3.55 Racing from The Curragh: The 3.55 Kildangan Stud Irish Oaks. 4.00 Cricket. 4.40 Football Focus: World Cup '94. A look ahead to tonight's first two quarter-finals at Foxboro, Massachusetts, and the Cotton Bowl, Dallas. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Film: 20,000 Leagues Under the Sea. A Victorian scientist investigating the sinking of ships in the Pacific is captured by Captain Nemo and goes on a series of adventures in an underwater city. Disney fantasy adventure, starring Kirk Douglas, James Mason and Paul Lukas (1954).

7.25 Pop Quiz. With ABC frontman Martin Fry, Miles Hunt of The Wonderstuff, singer Toyah Willcox and International Chrysis vocalist Pete Burns. Last in series.

7.55 Morecambe and Wise. Comedy compilation with Britain's best-loved comic duo.

8.25 World Cup Grandstand. Full coverage of Brazil v Holland in the quarter-final from the Cotton Bowl, Dallas. One or other of the tournament favourites will come to the end of their campaign in Texas tonight. In the event of extra time and penalties, subsequent programmes may run late.

10.35 News and Sport; Weather.

10.55 Wax Uncut. Unexpurgated versions of the American comedienne's interviews with Danny DeVito and Jim Belushi.

11.25 Cricket: Benson and Hedges Cup Final. Tony Lewis introduces highlights from today's match between Warwickshire and Worcestershire at Lord's.

12.25 Film: Swamp Thing. A research scientist is turned into a walking mass of vegetation after a chemical experiment goes wrong. Comic-strip adventure, starring Louis Jourdan (1982).

1.55 Weather.

2.00 Close.

BBC2

6.00 Open University.

12.15 Film: Wonderful Life. Cliff Richard and close associates The Shadows play merchant seamen who join forces with a film crew after being stranded on the Canary Islands. Musical comedy, with Susan Hampshire (1964).

2.05 Woodpecker Forest. Focus on some of Finland's endangered wildlife.

2.30 Scrutiny. Anne Perkins investigates the controversy surrounding disused properties owned by the Ministry of Defence, and considers the arguments put forward by conservationists and pressure groups keen to see such buildings preserved.

3.00 Film: Black Narcissus. Five nuns from an Anglo-Catholic order travel to the Himalayas to establish a school and a hospital on a remote mountainside, unaware of the physical and emotional traumas awaiting them. Oscar-winning Drama, starring Deborah Kerr and David Farrar (1946).

4.40 Cricket: Benson and Hedges Cup Final. Tony Lewis introduces further coverage of the 55-overs-per-side match between Warwickshire and Worcestershire at Lord's, with the latter team hoping to prevent the former from collecting its second one-day trophy in two years. Will anyone be able to stop brilliant West Indian Brian Lara?

7.45 News and Sport; Weather.

8.00 Fine Cut. Director Jean Rouche's account of three African farmers' attempts to utilise the latest Dutch windmill technology to irrigate their land more effectively, and so save vital crops from the droughts that periodically ravage Niger.

9.35 Seinfeld. Jerry finds that his hands are full after Elaine asks him to help her end a relationship.

10.00 Later with Jools Holland and Johnny Cash. One-off musical spectacular, with the country legend performing a selection of solo acoustic songs from his new album American Recordings. With guest appearances by Pops Staples and Carleen Anderson.

11.00 Film: Capricorn One. A journalist covering an important inter-planetary exploration discovers the first manned space flight to Mars was an elaborate hoax. Thriller, starring Elliott Gould, James Brolin and Telly Savalas (1978).

1.05 Close.

LWT

6.00 GMTV. 9.25 Gimme 5. 11.30 The ITV Chart Show. 12.30pm Opening Shot.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 World Cup '94: Dallas Brunch. Tony Francis previews this weekend's quarter-finals. With reports from Gary Newbon and Gabriel Clarke in the US.

1.40 Movies, Games and Videos. Reviews of new films The Saint of Fort Washington and Clean Slate, and comedy videos ranging from Monty Python to The Young Ones.

2.10 WCW Worldwide Wrestling. No-holds-barred action.

2.50 Life Goes On.

3.45 Dinosaurs. Earl must choose between life as a domesticated dinosaur or returning to the wild.

4.15 ITN News; Weather.

4.30 London Today; Weather.

4.45 World Cup '94. Spain v Italy in the opening quarter-final from Foxboro, Massachusetts. In the event of extra time and penalties, subsequent programmes may run late.

7.00 Beadle's Hot Shots.

7.30 Stars in Their Eyes. Contestants from as far afield as Essex, Hereford and Blackpool take the stage in the guise of stars the Everly Brothers, Bobby Goldsboro, Jennifer Rush, Marti Pellow and Susanna Hoffs of the Bangles.

8.15 Film: Beyond the Poseidon Adventure. Two groups of looters find the capsized liner, and clash over the salvage operation. Action sequel, starring Michael Caine and Sally Field (1979).

10.15 ITN News; Weather.

10.25 London Weather.

10.30 Film: The Good, the Bad and the Ugly. Spaghetti western, starring Clint Eastwood, Lee Van Cleef and Eli Wallach as rival gunfighters hunting for hidden loot during the American Civil War (1966).

1.30 World Cup '94; ITN News Headlines.

2.15 Tour of Duty; ITN News Headlines.

3.10 The Big E

4.10 BPM.

5.00 Hot Wheels.

CHANNEL4

5.00 4-Tel on View. 6.35 Early Morning. 10.00 Trans World Sport. 11.00 Gaelic Games. 12.00 Sign On: Deaf World. 12.30pm A Girl's Fate/Ladkiyan (English subtitled).

12.55 Film: School for Scoundrels. A timid office clerk tires of being constantly humiliated and enrols at an unusual college in the hope of boosting his self-confidence. British comedy, starring Ian Carmichael (1960).

2.40 Racing from York and the Curragh. York: The 3.10 John Smith's Bitter Handicap, 3.40 Foster's Silver Cup Stakes (H'cap), 4.15 John Smith's Magnet Cup, and the 4.45 Webster's Green Label Best Handicap Stakes. The Curragh: Coverage of the 3.55 Kildangan Stud Irish Oaks.

5.05 Brookside; News Summary.

6.30 Opening Shot. Profile of award-winning independent movie director John Sayles. Filmed on the set of his latest production, The Secret of Roan Inish.

7.00 Ballooning Over Everest. Documentary following adventure cameraman Leo Dickinson's epic flight over the Himalayas.

8.00 Tour De France. Stage Seven: Rennes to Futuroscope, 265km. The riders take part in a gruelling seven-hour run.

8.25 Loved Ones. Tribute to van driver Brian McCabe, murdered by the UDA in 1991.

8.30 After '68. Drama about a woman and her daughter whose lives are torn apart by the troubles in Northern Ireland. Deirdre Molloy stars.

9.00 Loved Ones. Joiner David Harkness, killed by the IRA in 1992.

9.05 Dirk Bogarde: By Myself. Part one. The acclaimed actor discusses his life, career and approach to acting. Concludes tomorrow.

10.10 The Unpleasant World of Penn and Teller.

10.40 Loved Ones. Schoolgirl Leanne Murray, murdered by the IRA in 1993.

10.45 Beyond the Troubles. Brian Keenan talks to novelist Father Brendan Devlin, academic Ivan Herbison and former leader-writer of The Irish Times Patsy McCooey. Last in series.

11.15 Loved Ones.

11.20 Film: Angel. A travelling musician in Northern Ireland seeks revenge when a deaf mute girl is murdered by terrorists. Thriller, starring Stephen Rea (1982).

1.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Games and Videos. 1.05 Anglia News. 1.40 Nigel Mansell's IndyCar '94. 2.15 Cartoon Time. 2.20 Guns of the Magnificent Seven. (1969) 4.15 Anglia News and Sport 8.15 The Karate Kid III. (1989) 10.25 Anglia Weather.

BORDER:
12.30 Movies, Games and Videos. 1.05 Border News. 1.40 Nigel Mansell's IndyCar '94. 2.15 Young Guns of Texas. (1962) 3.35 Superstars of Wrestling. 4.25 Border News and Weather 4.30 Foghorn Leghorn. 8.15 The Karate Kid III. (1989)

CENTRAL:
12.30 America's Top 10. 1.05 Central News 2.10 The Mountain Bike Show. 2.40 WCW Worldwide Wrestling. 3.20 MacGyver. 4.30 Central News 4.35 Bugs Bunny and Daffy Duck. 8.15 The Karate Kid III. (1989) 10.30 The Holcroft Covenant. (1985)

CHANNEL:
12.30 The Littlest Hobo. 1.05 Channel Diary. 1.40 Best of British Motor Sport. 2.10 The World's Greatest Stunts – Live! 3.15 MacGyver. 4.30 Channel News. 4.35 Puffin's Pla(i)ce. 4.40 Cartoon Time. 8.15 The Karate Kid III. (1989)

GRAMPIAN:
12.30 Cruinne Ca. 1.05 Grampian Headlines 1.40 Teleflos. 2.10 Cuirm Cloinne. 2.40 Rocksport. 3.00 Nigel Mansell's IndyCar '94. 3.35 Superstars of Wrestling. 4.30 Grampian Headlines 4.35 Grampian News Review. 8.15 The Karate Kid III. (1989) 10.25 Grampian Weather.

GRANADA:
12.30 Movies, Games and Videos. 1.05 Granada News 1.40 Nigel Mansell's IndyCar '94. 2.15 Young Guns of Texas. (1962) 3.35 Superstars of Wrestling. 4.25 Granada News 4.30 Foghorn Leghorn. 8.15 The Karate Kid III. (1989)

HTV:
12.30 Movies, Games and Videos. 1.05 HTV News. 1.40 Nigel Mansell's IndyCar '94. 2.10 Airport 4. (1979) 4.30 HTV Wales News. 4.35 Cartoon Time. 8.15 The Karate Kid III. (1989) 10.25 HTV Weather.

HTV Wales as HTV except:
No variations.

MERIDIAN:
12.30 The Littlest Hobo. 1.05 Meridian News. 1.40 Best of British Motor Sport. 2.10 The World's Greatest Stunts – Live! 3.15 MacGyver. 4.30 Meridian News. 4.40 Cartoon Time. 8.15 The Karate Kid III. (1989)

SCOTTISH:
12.30 An Innis Aigh (The Happy Isle). 1.05 Scotland Today. 1.40 Teleflos. 2.10 Raise the Titanic! (1980) 4.30 Scotland Today 4.40 Cartoon Time. 8.15 The Karate Kid III. (1989) 10.25 Scottish Weather. 10.30 Local Heroes. 11.00 Sword of Honour.

WESTCOUNTRY:
12.30 Movies, Games and Videos. 1.05 Westcountry News. 1.40 Nigel Mansell's IndyCar '94. 2.10 No Deposit, No Return. (1976) 4.30 Westcountry News. 8.15 The Karate Kid III. (1989) 10.25 Westcountry Weather.

YORKSHIRE:
12.30 Movies, Games and Videos. 1.05 Calendar News. 1.40 Zorro. 2.05 The Adventures of Huckleberry Finn. (1985) 4.30 Calendar News. 8.15 The Karate Kid III. (1989)

S4C Wales as Channel 4 except:-
7.00 Early Morning. 10.00 Ffair Sadwrn. 12.30 Trans World Sport. 1.30 Battle for the Trees. 2.30 The Mysterious Tadpole. 6.30 Memories in Store. 7.00 Newyddion. 7.10 Gemau Heb Ffiniau: Jeux Sans Frontieres. 8.30 Tour De France. 9.00 Llangollen '94. 11.00 The Fearless Vampire Killers. (1967)

SUNDAY

BBC1

7.30 Johnson and Friends. 7.40 Playdays. 8.00 Telling Tales. 8.15 Breakfast with Frost. 9.15 Faith to Faith. 9.30 This is the Day in the World of Politics. 10.00 See Hear! 10.30 Breaking Glass. 11.00 Computing for the Less Terrified. 11.30 Birthrights.

12.00 CountryFile. Agricultural and environmental issues.

12.25 Weather for the Week Ahead; News.

12.30 Harry and the Hendersons. Suspicion falls on Brett when the family silver starts disappearing.

1.00 Steven Spielberg's Amazing Stories. Vanessa in the Garden, starring Harvey Keitel as a promising artist who becomes obsessed with resurrecting his dead wife.

1.25 Tom and Jerry.

1.30 EastEnders.

2.50 Film: The Sons of Katie Elder. Western adventure, starring John Wayne and Dean Martin as wandering brothers who return home to avenge their father's murder (1965).

4.50 World Cup Grandstand. Full coverage of the quarter-final between Germany and Bulgaria from Giants Stadium in New York. In the event of extra time and penalties, subsequent programmes may run late.

7.00 Last of the Summer Wine. The three friends are asked to help out at a local garden fete, but end up causing disaster.

8.15 Film: King Kong. Oil prospectors who set out to survey a remote Pacific island encounter a gigantic ape, which proceeds to wreak havoc when it is brought back to the US. Monster-movie remake, starring Jeff Bridges, Jessica Lange, Charles Grodin and Ed Lauter (1976).

10.25 News and Weather.

10.40 Heart of the Matter. As moors murderer Myra Hindley's release date comes up for review, Joan Bakewell examines the arguments, and asks if a life sentence should mean just that.

11.15 Sweet Inspiration. Alan Titchmarsh talks to novelist Susan Howatch at her home in Westminster.

11.50 World Cup Report.

12.40 Film: Forbidden. Wartime romantic drama about a German countess and a Jewish intellectual who embark on a love affair in Nazi Germany. With Jacqueline Bisset and Jurgen Prochnow (TVM 1985).

2.30 Weather.

2.35 Close.

BBC2

6.15 Open University. 9.10 Juniper Jungle. 9.25 Space Vets. 9.40 Fievel's American Tails. 10.05 The Really Wild Guide to Britain. 10.30 Grange Hill. 10.55 FOT. 11.20 White Fang. 11.45 The O Zone. 12.00 Around Westminster.

12.30 Sunday Grandstand. Introduced by Steve Rider from Silverstone. 12.35 Motor Racing: The British Grand Prix. Murray Walker and Jonathan Palmer at the eighth round of this year's Formula One Championship. 4.10 Show Jumping: The Royal International Horse Show from Hickstead. 4.40 Motor Sport: The British Touring Car Championship from Brands Hatch. 5.10 Show Jumping. 6.20 Golf: A look at Turnberry's involvement in the history of the Open. Times may vary.

6.40 Rough Guide to the Americas. Magenta De Vine and Rajan Datar tour Florida, stopping off at Miami Beach, the Everglades, Key West and Disneyworld.

7.30 Dear Jackie. Another chance to see this revealing portrait of former first lady Jackie Kennedy Onassis, which was shown to commemorate her recent death.

8.00 Under the Sun. A look at the French army's prestigious officer training academy, the Special Military School of St Cyr in Brittany, founded by Napoleon in 1802. Director and cameraman Philippe Constantini examines the college's unique initiation ceremonies and rituals, including an annual re-enactment of the Battle of Austerlitz, and the reaction of the largely male students to the presence of women in their ranks.

8.50 Monty Python's Flying Circus. Rerun of the cult comedy, starring John Cleese, Graham Chapman, Eric Idle and Terry Jones.

9.20 Grand Prix. Highlights of this afternoon's British Grand Prix from Silverstone.

10.00 Moviedrome. Introduction to tonight's first cult film.

10.05 Film: Halloween. A madman escapes from an asylum and goes on a killing spree in his home town. Horror, starring Jamie Lee Curtis and Donald Pleasence (1978).

11.40 Moviedrome. Introduction to the second film.

11.45 Film: The Baby. A social worker's obsession with helping a woman whose fully grown son has the mind of a child leads to tragedy. Chiller, with Ruth Roman (1973).

1.15 Close.

LWT

6.00 GMTV. 9.25 The Littlest Hobo. 10.15 Link. 10.30 Sunday. 11.00 Morning Worship. 12.00 Sunday. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.

1.10 100 Women. Provocative and informative debate from a female perspective, chaired by Sheena McDonald.

2.00 Highway to Heaven.

2.50 Film: The Fighting Prince of Donegal (1966).

4.50 Cartoon Time.

5.00 London Today; Weather.

5.20 ITN News; Weather.

5.30 Mother's Ruin. Leslie advises Clive to shake off his mother's apron strings, then sets off for what he hopes will prove a hot date with Brucella's friend Bella. Roy Barraclough stars. Last in series.

6.00 Film. The Assisi Underground. The head friar at a Franciscan religious order is chosen to organise the journey of a group of Jewish refugees who are trying to flee Rome after the German occupation. Starring Ben Cross, James Mason (1985).

8.00 World Cup '94. Romania v Sweden, live from Stanford University Stadium in San Francisco.

10.30 ITN News; Weather.

10.40 London Weather.

10.45 Richard Digance Live. An hour of comedy and song with the Cockney funnyman, from The Duke of York's Theatre. Music by 1960s band The Moody Blues.

11.45 International Boxing. The WBA bill from the Mirage Hotel, Las Vegas, featuring Orlin Norris v "King" Arthur Williams for the cruiserweight title, and Wilfredo Vasquez v Jae-Won Choi for the super-bantamweight crown; ITN News Headlines.

12.45 The Restaurant Show. New series hosted by Bruce Burgess. This edition visits The Monastery in the Scottish Highlands, lunches at Gravetye Manor and tours London's favourite rock haunts.

1.15 Married – With Children.

1.45 Cue the Music; ITN News Headlines.

2.45 Film: Conspiracy to Kill. Drama, starring Robert Conrad (1970).

4.30 Snooker: The European League.

CHANNEL4

6.10 Early Morning. 9.45 The Odyssey. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie.

12.45 Film: The Pickwick Papers. Vintage Dickens comedy following the misadventures of four Victorian gentlemen on a tour of England. James Hayter stars (1952).

2.45 Witness: Holy Madness. How visiting Jerusalem can inspire unbalanced pilgrims to commit acts of violence in the mistaken belief that they are carrying out the wishes of God.

3.45 Film: Great Expectations. Adaptation of Dickens' novel about an orphan who makes his fortune with the help of a mysterious benefactor. John Mills, Bernard Miles and Alec Guinness star (1946).

5.55 Tour De France. Stage Eight: Poitiers to Trelissac. Introduced by Phil Liggett.

6.25 News Summary.

6.30 The Cosby Show.

7.00 The Deep Dream of Peace. Debate drawing on several of the personal stories told in Loved Ones, looking at what measures are needed to put an end to the violence in Northern Ireland. The programme examines attempts to calm the troubles, from the 1968 Civil Rights March to the Downing Street Declaration, and asks whether peace is now finally on the agenda.

8.15 The Boy Who Sang O for the Wings of a Dove. Profile of Ernest Lough who, in 1927, was the 14-year-old voice behind the first million-selling record. Now 82, he returns to the church where the recording was made, and reminisces about his life. Featuring contributions from Dudley Moore, Sir Richard Attenborough and Robin Ray.

9.00 Dirk Bogarde: By Myself. Conclusion. The distinguished actor discusses his best-known roles, including why he chose to portray a blackmailed homosexual in Victim.

10.00 Film: Dog Day Afternoon. Fact-based tragi-comic drama about a man who holds up a Brooklyn bank to raise funds for his gay lover's sex-change operation. Al Pacino stars (1975).

12.20 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 12.30 Stanley: The Ugly Duckling. 12.55 Anglia News. 3.00 Raise the Titanic! (1980) 5.00 Anglia News on Sunday

CENTRAL:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 12.30 Central Newsweek. 12.55 Central News 2.00 Take 15. 2.15 Gardening Time. 2.50 The Fighting Prince of Donegal. 5.10 Central News 10.40 Local Weather.

CHANNEL:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 Life Goes On. 3.00 Cartoon Time. 3.15 Red Arrows Over America. 5.15 Channel News.

GRAMPIAN:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 11.00 Deanamaid Gairdeachas. 11.45 Elkon. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Spooks Run Wild. (1941) 4.15 Movies, Games and Videos. 4.45 World Cup Hall of Fame. 5.15 Grampian Headlines 10.40 Grampian Weather.

GRANADA:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 12.25 Chalk Chalk. 12.55 Granada News 2.00 The Magician. (TVM 1974) 3.15 Coronation Street. 5.15 Granada News

HTV:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 12.25 The Littlest Hobo. 12.55 HTV News. 2.00 An Invitation to Remember. 2.30 Running (1979) 4.15 On Your Street. 4.45 Great Westerners. 5.15 HTV News. 10.40 HTV Weather.

HTV Wales as HTV except:
12.25 Heart and Soul. 2.00 Wales and Westminster. 2.30 Llangollen '94. 3.30 Cartoon Time. 4.45 Time Out.

MERIDIAN:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 11.45 International Boxing. 12.45 Kojak. 1.45 The ITV Chart Show. 3.00 Cartoon Time. 3.15 Red Arrows Over America. 5.15 Meridian News.

SCOTTISH:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 11.00 Deanamaid Gairdeachas. 11.45 Elkon. 12.30 Skoosh. 12.55 Scotland Today. 2.00 Mr Hobbs Takes a Vacation. (1962) 5.15 Scotland Today 10.40 Scottish Weather.

WESTCOUNTRY:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 12.30 Westcountry Update. 12.55 Westcountry News. 2.00 My Story. 2.15 Dogs With Dunbar. 2.45 Brief Encounters. 3.15 The Royal Show. 3.45 Yesterday's Heroes. 4.15 Westcountry News

YORKSHIRE:
9.25 The New Scooby Doo Movies. 10.05 Bunny and Claude. 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Nine Hours to Rama. (1962) 10.40 Local Weather.

S4C Wales as Channel 4 except:-
7.05 Early Morning. 8.55 Gaelic Games. 9.55 Rawhide. 10.50 Babylon 5. 12.45 Mork and Mindy. 1.15 School for Scoundrels. (1960) 3.00 Jason and the Argonauts. (1963) 4.35 Mighty Mouse. 5.00 Dechrau Canu, Dechrau Canmol. 5.30 Pobol y Cwm. 7.20 Chwarae Plant. 7.50 Hel Straeon. 8.20 Llangollen '94. 9.20 Newyddion. 9.25 Saith Ar y Sul. 9.45 San Steffan. 10.05 Tour De France. 10.35 Angel. (1982)

RADIO

SATURDAY

BBC RADIO 2
6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Judi Spiers. 12.00 Hayes on Saturday. 1.30 You Can't Have One Without the Other. 2.00 Roy Hudd's Vintage Music Hall. 3.00 Ronnie Hilton. 4.00 Joan Baez. 5.00 Nick Barraclough. 6.00 Bob Holness Requests the Pleasure. 7.00 Cinema 2. 7.30 Cathedral Concertos. 8.30 David Jacobs. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Sujata Barot.

BBC RADIO 3
6.30 Open University: Musical Style. 6.55 Weather. 7.00 Record Review. Telemann, Kreisler, Josef Foerster, John Adams, Mozart, Takemitsu, Janacek. 9.00 Building a Library. Gershwin's Rhapsody in Blue, by Edward Seckerson. 10.15 Record Release. Biber, Muffat, Handel, Vivaldi, Rameau, Dvorak. 12.00 Spirit of the Age.
1.00 Poetry in Action.
1.15 Celebrity Recital.
3.00 Giulini: All in Good Time.
5.00 Jazz Record Requests. With Geoffrey Smith.
5.45 Music Matters. Music festivals through history.
6.30 I Puritani.
9.35 A Game of Two Halves.
9.55 And After the Match. Stravinsky.
10.15 Jazz at the Bath Festival.
12.30 Close.

BBC RADIO 4
6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Whatever Happened To? Doctor Who's grand-daughter Susan.
10.30 The Masterson Inheritance.
11.00 (LW) Cricket: Benson and Hedges Cup Final.
11.00 (FM) The Week in Westminster.
11.30 (FM) Europhile.
12.00 (FM) Money Box.
12.25 (FM) A Look Back at the Future. New series.
1.00 (FM) News.
1.10 (FM) Any Questions?
2.00 (FM) Any Answers? 071-580 4444. Phone-in response programme.
2.30 (FM) Playhouse: Ripples.
4.00 (FM) That's History. Cultural review. Last in series.
4.30 (FM) Science Now.
5.00 (FM) File on 4.
5.40 (FM) The Wardrobe. Shoes. Last in series.
6.00 News and Sports.
6.25 Week Ending.
6.50 Ad Lib in Australia.
7.20 Kaleidoscope Feature.
7.50 Saturday Night Theatre: King of the Rainy Country. By Nicolas Freeling.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Word of Mouth. Women talk.
10.45 Surviving in Stroke City.
11.00 The Tingle Factor.
11.30 Ties. By Katie Campbell.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5 LIVE
6.05 Dirty Tackle.
6.30 The Breakfast Programme.
9.00 Weekend with Kershaw and Whittaker.
11.05 Special Assignment.
11.35 The Ad Break.
12.00 Midday Edition.
12.15 Sportscall.
1.04 Sport on Five.
7.35 Saturday Edition.
8.30 World Cup '94.
11.00 Night Extra.
12.05 After Hours.
2.00 Up All Night.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 Morgenmagazin. 6.30 Europe Today. 7.00 World and British News. 7.15 The World Today. 7.30 Meridian. 8.00 World News. 8.15 Waveguide. 8.25 Book Choice. 8.30 People and Politics. 9.00 World News. 9.09 Words of Faith. 9.15 A Jolly Good Show. 10.00 World News and Business Report. 10.15 Worldbrief. 10.30 Development '94. 10.45 Sports Round-up. 11.00 Printer's Devil. 11.15 Letter from America. 11.30 BBC English. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 World News. 1.09 Words of Faith. 1.15 Multitrack Alternative. 1.45 Sports Round-up. 2.00 Newshour. 3.00 News Summary; Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 Heute Aktuell. 5.00 World and British News. 5.15 Sportsworld. 6.00 BBC English. 6.30 Heute Aktuell. 7.00 News and features in German. 8.00 News Summary; Who Are Our Judges?. 8.45 From the Weeklies. 9.00 World News. 9.09 Words of Faith. 9.15 Development '94. 9.30 Meridian. 10.00 Newshour. 11.00 World News. 11.05 Words of Faith. 11.10 Book Choice. 11.15 Sportsworld. 12.00 Newsdesk. 12.30 Best on Record. 1.00 World and British News. 1.15 Good Books. 1.30 Play of the Week: Death and The Maiden. 3.00 Newsdesk. 3.30 The Greatest Music Festival in the World. 4.00 Newsdesk. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 End of the Pier. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Platform Performances. 12.05 Steve Madden. 3.00 Alex Lester.

BBC RADIO 3
6.30 Open University: Women in the Cinema. 6.55 Weather. 7.00 Sacred and Profane. Byrd, Hugh Aston, Bach, Stravinsky. 9.00 Brian Kay's Sunday Morning. Wagner and Tchaikovsky. 12.15 Music Matters. 1.00 The Sunday Concert. Mussorgsky arr Shostakovich, Tchaikovsky, Stravinsky. 2.35 Cheltenham Festival 1994. Beethoven and Tippett. 4.25 The BBC Orchestras. Maxwell Davies and Stravinsky. 5.45 Making Waves. The York mystery plays and festival of early music. 6.30 The Celestial Country. Charles Ives. 7.30 Sunday Play: Dancing at Lughnasa. 9.20 Music in Our Time. Detlev Muller-Siemens, David Sawer, Birtwistle. 10.45 Choir Works. Handel. 12.30 Close.

BBC RADIO 4
6.00 News. 6.10 Prelude. 6.30 Morning Has Broken. 7.00 News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. The National Deaf-Blind League. 9.00 News. 9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers. Omnibus.
11.15 Mediumwave.
11.45 Waiters Beside the Seaside.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: The House in Paris.
3.30 Pick of the Week.
4.15 Analysis.
5.00 Margaret Jay's Paddington. Little Venice to Kensal Green.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Letter from Scotland.
6.30 The Secret Garden. By Frances Hodgson Burnett.
7.00 Barging across Europe. From North Sea to Black Sea.
7.30 The Airport. Birmingham International Airport.
8.00 (FM) That's History.
8.00 (LW) Open University. 8.00 Maths Miscellany: Karl Marx. 8.30 Open Your Thinking! 9.00 Gender and Consumption. 9.20 George Eliot. 9.40 American Conversations.
8.30 (FM) Hearing Heaven.
9.00 (FM) The Natural History Programme.
9.30 (FM) Big Bang.
10.00 News.
10.15 Counting the Cost.
10.45 Home Truths.
11.15 In Committee.
11.45 Seeds of Faith.
12.00 News.
12.30 Shipping Forecast.
12.43 (LW) As BBC World Service.
12.43 (FM) Close.

BBC RADIO 5 LIVE
6.05 Hot Pursuits.
6.30 The Breakfast Programme.
9.00 Alastair Stewart's Sunday.
12.00 Midday Edition.
12.15 The Big Byte.
1.04 Sunday Sport.
7.00 News Extra.
7.35 Black to the Future.
8.05 World Cup '94.
10.35 The Ad Break.
11.00 Night Extra.
12.05 Nightcall.
2.00 Up All Night.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:
6.00 News and features in German. 6.30 Composer of the Month. 7.00 World and British News. 7.15 Letter from America. 7.30 Jazz For The Asking. 8.00 World News. 8.15 Music As It Was. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 World News. 9.09 Words of Faith. 9.15 The Greenfield Collection. 10.00 World News and Business Review. 10.15 Short Story. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News Summary; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 Newsdesk. 12.30 Play of the Week: Death and The Maiden. 2.00 Newshour. 3.00 News Summary; Racism: the natural evil. 3.30 Anything Goes. 4.00 World News. 4.15 BBC English. 4.30 News and features in German. 5.00 World and British News. 5.15 BBC English. 6.00 World News and Business Review. 6.15 Printer's Devil. 6.30 News and features in German. 8.00 Best on Record. 8.30 Europe Today. 9.00 World News. 9.09 Words of Faith. 9.15 A Question of Science. 9.30 Brain of Britain. 10.00 Newshour. 11.00 World News and Business Review. 11.15 Sportsworld. 12.00 Newsdesk. 12.30 Racism: the natural evil. 1.00 World and British News. 1.15 Pop the Question. 1.30 In Praise of God. 2.00 News Summary; Who Are Our Judges: power of the judiciary. 2.45 Music As It Was. 3.00 Newsdesk. 3.30 Composer of the Month. 4.00 Newsdesk. 4.30 BBC English. 4.45 Fruhmagazin.

CHESS

Gary Kasparov and Nigel Short are modestly placed, third and seventh, after the Monaco and New York rounds of the £500,000 Intel Grand Prix. London and Paris are yet to come, but the new favourite is Vladimir Kramnik, 19, who coolly dispatched Kasparov last week.

Judged by former Soviet standards, Kramnik is a model of incorrectness. He dresses casually, drinks frequently, and grumbled that his failure in the PCA quarter-finals a few weeks ago was due to the smoking ban at Trump Tower.

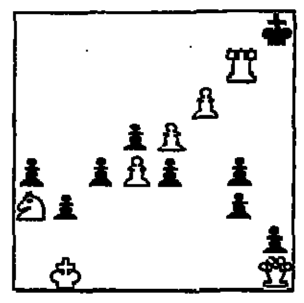
Kramnik's pragmatic style for rapid chess, aiming at initiative and a time lead on the clock, gave him his third win this year over the world No 1. A Kramnik endgame flank pawn diverted Kasparov's pieces until the teenager's king could enjoy a pawn meal on the other flank.

Intel qualifiers have so far been restricted to the grandmaster elite seeking the $5,000 for first round losers in the competition proper. But the London qualifier will be the Lloyds Bank Masters (August 20-29), which anyone can enter.

If you harbour ambitions to defeat Kasparov and Short or, more modestly, to achieve an international ranking, call David Sedgwick on 081-656 7682 for an entry form.

(V Kramnik, White; J Polgar, Black; Intel New York 1994).

1 e4 c5 2 Nf3 e6 3 b3 Nc6 4 Bb2 d6 5 d4 cxd4 6 Nxd4 Nf6 7 Bd3 d5 8 Nxc6 bxc6 9 Nd2 Qc7 10 Qe2 Be7 11 0-0 0-0 12 c4 Rd8 13 Rac1 Qa5 14 Bc3 Qb6 15 cxd5 cxd5 16 e5 Nd7 17 Nf3 a5 18 Bd4 Qb4 19 Rc7 a4 20 bxa4 Qxa4 21 Bb5 Qa5 22 Rfc1 Ba3 23 R1c3 Rb8 24 Bd3 Be7 25 Ra7 Qb4 26 Rb3 Resigns.



No 1029

White mates in four moves at latest, against any defence (by A Renn). Black's king is trapped, so he can only move pawns; but White requires an exact sequence, and this problem took me half an hour.

Solution Page XX

Leonard Barden

BRIDGE

This hand comes from the European Bridge Cup of some years ago: here is Making the Most of Your Chances.

N
♠ Q 6 5 2
♥ A K Q 10 8
♦ 10 8
♣ 9 3

W
♠ 9
♥ 9 7 6 5 2
♦ K 7 4 3
♣ Q J 4

E
♠ K 4 3
♥ J 4
♦ 6 5
♣ 10 8 7 6 5 2

S
♠ A J 10 8 7
♥ 3
♦ A Q J 9 2
♣ A K

With North-South vulnerable South dealt and bid one spade. North replied with two hearts. South rebid three diamonds – forcing, of course – and North jumped to four spades, showing that he had intended to make a delayed game raise.

Thus encouraged, South bid six spades and this closed the auction.

West led the seven of hearts, taken by dummy's ace. An average player finesses the spade queen, and with the king favourably placed makes his contract, losing a trick to the diamond king, and waits to hear North's "Well played, partner".

The champion, sitting in the South seat, had other ideas. After winning the first trick on the table, he led the diamond eight and ran it. West won with the king, and switched to the club queen. Declarer won in hand, crossed to the diamond 10, and led the spade queen. This won, then the knave was finessed and South claimed his contract.

Let us give West the spade king and East the diamond king. Now the average player goes down, because after losing to the spade king, he cannot return to dummy to take the diamond finesse. But the expert gets home. He has seen that there are two finesses, and makes sure that he is able to try them both.

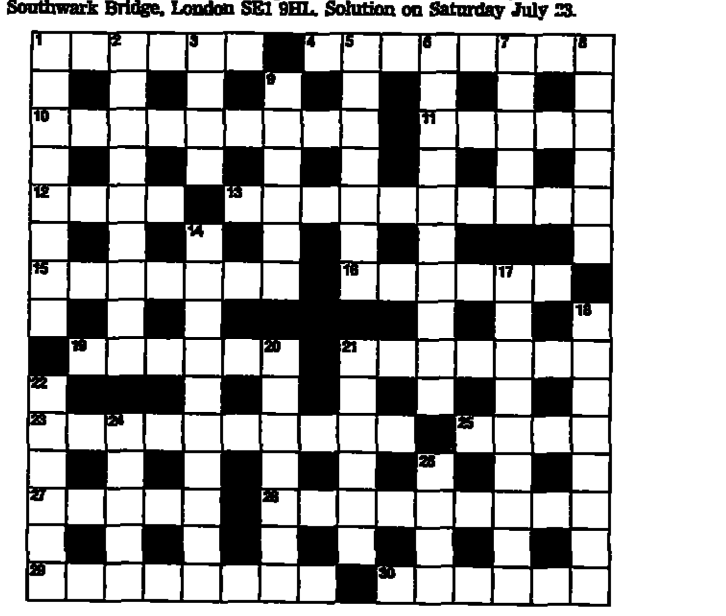
Two chances are better than one.

E.P.C. Cotter

CROSSWORD

No. 8,501 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday July 20, marked Crossword 8,501 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 23.



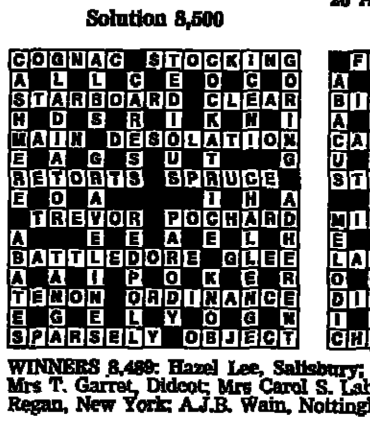
Name..

Address..

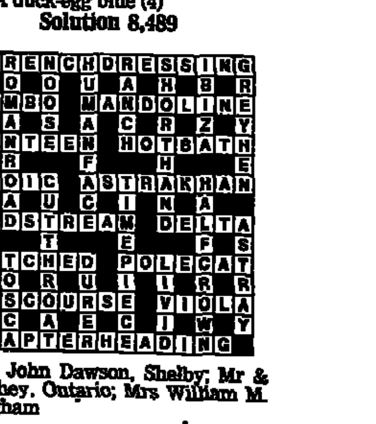
ACROSS
1 Goad said to be visible (6)
4 A mother with new site for early nudists (8)
10 Potential greatness of some police officers? (9)
11 Accustom one to popular river (5)
12 Cries of kittens in sheds? (4)
13 Agree to keep in touch (10)
15 Go over extract of writer at end (7)
16 Conflict is raging on street (6)
19 Hired fans equal a hundred all over the place (6)
21 Roundabout the heart-line, possibly (7)
23 She should make our stays comfortable (10)
25 Extras employed in Rugby establishment (4)
27 Country involved with aid distribution (5)
28 Nasty attack? (9)
29 Coheir is a foreign carpenter short of time (8)
30 Strangers' deceit in short answer (6)

DOWN
1 Trouble for the woolly jumper counter? (8)
2 Acrobatic movement which makes an impression on the field? (9)
3 Huntsmen returning empty (4)
5 Abandons punishments (7)
6 Capital vault for a generator (10)
7 Turkey on a plate, our order in Cornwall (5)
8 Regular girlfriend with variety of dates over a year? (6)
9 A city individual, no matter who (6)
14 Edam square perhaps, in disguise? (10)
17 Record of a rebellion (5-4)
18 Cosmetics embarrassed people, we hear (8)
20 Scene in which pie does get thrown about? (7)
21 Wine container rare in a cafe, possibly? (6)
22 Open-weave muslin soft but cut too short (6)
24 One up for the jury's statement (5)
26 A duck-egg blue (4)

Solution 8,500



Solution 8,489



WINNERS 8,489: Hazel Lee, Salisbury; John Dawson, Shelby; Mr & Mrs T. Garret, Didcot; Mrs Carol S. Lahey, Ontario; Mrs William M. Regan, New York; A.J.B. Wain, Nottingham

Damned lies and opinion polls

***Dominic Lawson** thinks he knows why pollsters got their election predictions wrong*

It is depressingly rare for any professional association to blame its own members for shortcomings: almost invariably, they are decreed to be the fault of the consumer, the general public.

So hats off to the Market Research Society, which last week produced its inquest into the failure of its members, the opinion poll organisations, to predict the Conservative victory at the last general election.

Indeed Dr David Butler, the group's chairman, in laying the blame on the pollsters, declared the failure "the most spectacular in the history of British election surveys". Ouch.

The language of the report then becomes more technical as it seeks to find the precise reason for the grotesquely embarrassing error.

It says it arose "partly because quotas and weights did not reflect sufficiently accurately the social profile of the electorate and partly because the variables used as the basis of the quotas and in correlative weighting were not closely enough correlated with voting behaviour."

So there you have the answer, if you can understand it.

What the Market Research Society categorically ruled out is the excuse which would not only have absolved them from blame, but which had also gained a certain amount of anecdotal credibility: viz, that a significant number of Tory voters lied about their intentions.

Yet this still seems to me a distinct possibility. One looked a little foolish admitting, in the middle of the longest recession since the 1930s, that one would happily endorse the governing party. And voting Labour, for many people, has always had more of a feel-good factor: that is, one feels better about oneself.

It is for this reason, I suspect, that in recent years polls always seem to indicate that the vast majority of people would rather pay more taxes in order to provide more funds for the National Health; but in general elections this is shown to be, largely, humbug – the majority of voters have not voted for the party which promises to carry out just such a policy, namely Labour.

For similar reasons, and also, I must admit, out of a natural cynicism, I find it hard to believe a much reported poll which was published at the beginning of last week.

The survey, produced by the polling group Mintel, said that eight out of 10 sons and daughters would rather their parents left them nothing, and spent their money instead on a more comfortable old age.

A number of newspapers took this up, saying that this showed the essential goodness of the average British citizen. I simply do not believe it.

I think that a large proportion of Mintel's sample of 1,335 adults were telling porkie pies. How many well-off families do you know that are not heaving with speculation about the financial benefits of the death of a rich parent or relative, and that do not tremble collectively at the thought that the rich old one might suddenly decide to blow it all on some folly?

But, on the other hand, how many people do you know, who, confronted by one of Mintel's question-and-answer men, would look him in the eye and say: "Yes, I would rather my old parents saved as much as possible so that I can have a large sum of money when they die"?

Mori, one of the largest of our polling organisations, has reacted rapidly to the possibility of this sort of dishonesty at times of elections, even though the Market Research Society has officially cleared the general public of any habitual face-to-face dishonesty.

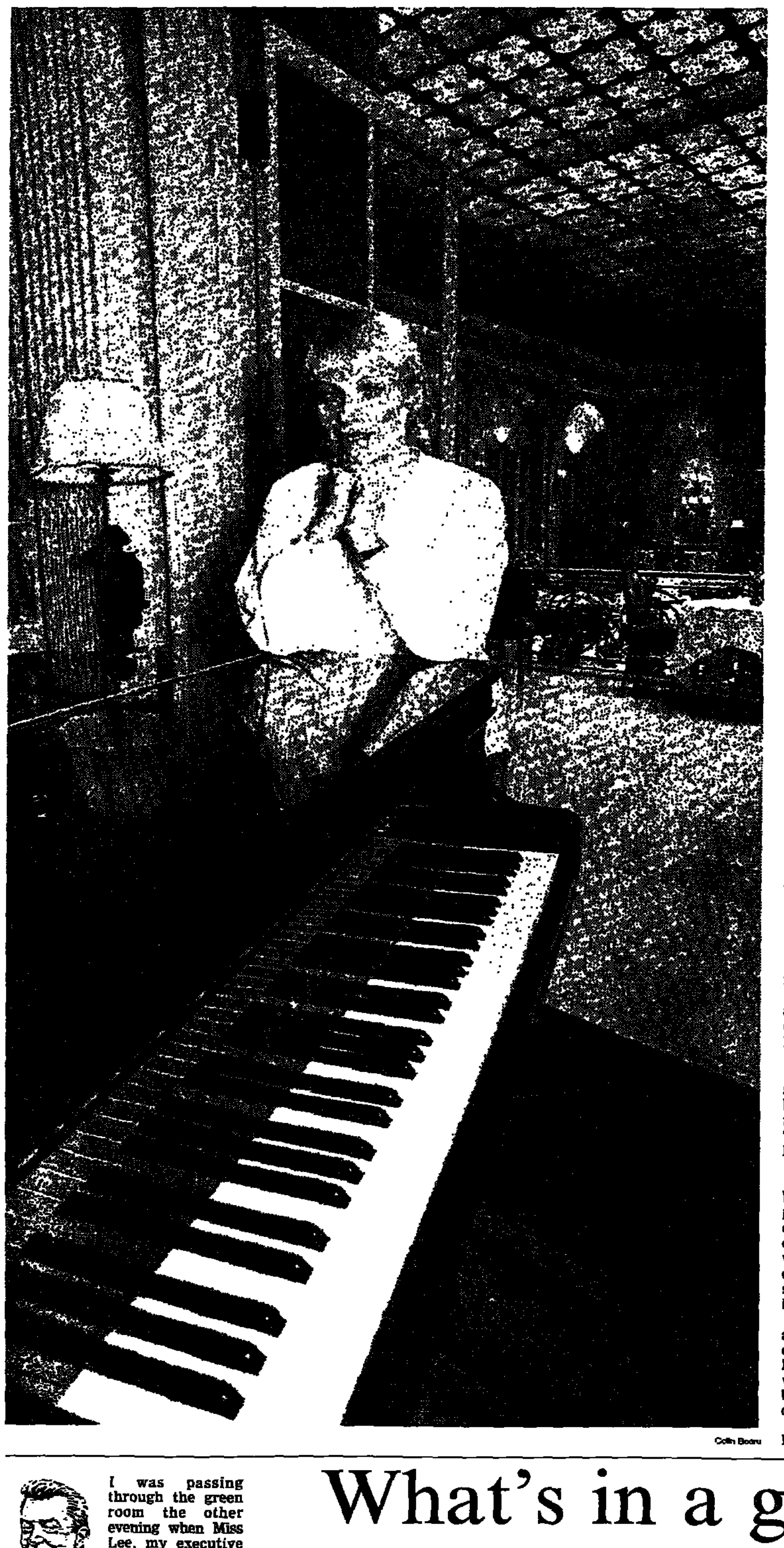
In its recent poll of European election voting intentions in London, Mori experimented with a method which allowed those surveyed to write down their intentions without showing them to the pollster. Mori's resulting forecast turned out to be more accurate.

This leaves one question unresolved. If the Market Research Society could reasonably have blamed the public for their embarrassment, why didn't they? And the reason is that if they were to admit that the public lies, who would ever again commission an opinion poll?

■ *Dominic Lawson is editor of The Spectator*

Private View/**Christian Tyler**

The song of Streisand's little sister



Colin Beere

Roslyn Kind, nightclub singer, tells of life, love and ambition in the shadow of her superstar sister Barbra, with whom she hopes one day to share a stage

B*oth songbirds were* hatched in the same *Brooklyn nest. She was* the shy one, her sister *the noisy one. She was* the fat one, her sister the skinny one.

"Kids used to make fun of me," *said Roslyn Kind.* "I would go to the theatre and they'd say: 'Oh, you'll know Barbra's sister when she comes because she cracks the sidewalk with every step.'

"When my sister opened in *Funny Girl*, I was a size 20." (That's an English size 18: Roslyn was 14 years old.) "People thought I was her aunt. I don't consider that the happiest experience in anyone's life."

Yet, whoever deals the cards dealt these two girls fairly equal hands. Roslyn was nearly nine years younger than Barbra, but prettier. Her voice was lower but sounded as good – some said even better. If you *close your eyes it is hard to tell* them apart: the same timbre, the same attack, the same vocal tricks. If it were not for the genes you would say Roslyn Kind, nightclub singer, was just mimicking Barbra Streisand, superstar.

Lady Luck has not smiled on Streisand's little sister. On the first night of her London debut at the Café Royal last week – cabaret tickets at £20 a head – her pianist was taken to hospital in a state of collapse. Two months before, Barbra had filled London's 26,000-seater Wembley Arena at prices up to £260.

Roslyn was signed by RCA while still a teenager and made her first album, *Give Me You*, as soon as she left school. There was a second album, but no third. She has appeared on Broadway. The first of her two small films was called *I'm Going to be Famous*, the second *The Underachievers*. And her biggest television success so far was some guest appearances in a sitcom called *Gimme A Break*.

For the most part, she has soldiered round the cabaret circuit, earning some nice reviews. And if she feels her career has been horribly handicapped, she is careful to hide her resentment.

In spite of a sleepless night worrying about her pianist, she was able next morning to smile sweetly through the inevitable questions and to expatiate on what she kept calling "the search for Roslyn Kind".

Did you try to follow Barbra?

"I always looked up to my big sister, but I looked up to my big brother, too." (He is 17 years older than her, and a property developer.) "I loved my sister a lot and I missed her when she left home."

Did you try to imitate her?

"When I got to see shows, I would buy the album and sing all the parts in the mirror. I was the insecure, shy, overweight child. I got out of myself in those moments. I would look in the mirror and I didn't see the fat, overweight girl. I saw this other character." She warbled a couple of snatches.

"I didn't imitate her. I sang all the albums – it might be Petula Clark or one of the other British singers. Barbra was just someone else who was a performer, who happened to be my sister who I was very proud of."

The girls are, in fact, half-sisters. Diana, their mother, married Emanuel Streisand, who had a PhD in English and taught at a reform school for boys in New York; he died when Barbra was a baby. Her second husband was Louis Kind, a divorced tailor, second-hand car salesman and estate agent. The couple separated when he was over 60 and their child, Roslyn, only four.

Barbra has blamed a loveless childhood for her determination to become a star. One biographer claims Louis Kind called the girls Beauty and the Beast. Was it true, I asked Roslyn, that your father rejected Barbra and favoured you?

"I was too young to know. The only thing I know is I was Little Miss Angel, Miss Goody Two-Shoes, and my sister was probably more rambunctious and rebellious. But, usually, those are the ones that really break out, the ones that grow up to be the movers and shakers.

"Whatever the case, I know my sister was in dire need of a father image because she didn't know her father. And she needed a dad." Roslyn said her father loved children. Perhaps he had just failed to see how much Barbra needed his admiration.

Although their singing talent comes from their mother (the grandfather was a cantor in a Russian synagogue), she was protective, conventional and untypically reserved for a Brooklyn housewife.

"She never laid compliments on us, which is maybe what made us all fight for who and what we are, to get out there and prove ourselves. My father, may he rest in peace, was the total opposite. I became this golden child to him. He blew it all out of proportion and my mother never said anything. She was only proud within – but, as a child, you don't understand that."

Following her own divorce, Roslyn lives with her 85-year-old mother in Los Angeles. "My mom came from what her parents dealt her: love is having a roof over your head, clothes on your back and food on the table and she wasn't demonstrative. Not to me, either. She's a much different lady now.

"So my sister took it in one way and I in another. To her, I was always so sweet and so this and that, and I had to come to a place where I felt that I don't have to be someone's doormat in order to be loved. So that was my lesson, you see."

With such emotional complications in the background, it is hardly surprising that both women should have had problems with men. Barbra married actor Elliot Gould in her early 20s and had a son; they were divorced eight years later. She has knocked around with Hollywood glamour boys such as Warren Beatty and Ryan O'Neal, and last year turned up to watch Andre Agassi at Wimbledon.

Roslyn's love life seems to have been calmer. She was in her early 30s before she married Randy Stone, a casting director. He was younger and on the way up but within six months, she said, things were not working out. "He loved my feistiness. Unfortunately, I don't think he was ready for marriage, though he thought he was."

Do you have children?

"Not yet. I have a little puppy." She giggled, cutely. Roslyn now has a boyfriend, a lawyer in Philadelphia, of whom it is clear she has hopes.

I asked her if she found men easier to handle than her sister does. "It's not easy when a woman is very strong. She's a strong lady. I mean, my sister's very vulnerable but she has a very strong side also."

Are you like that?

"I think men are intimidated by me before they even meet me. Does that make sense? Because I am preceded by the fact that I am Barbra's sister."

Roslyn began to describe, with a hint of bitterness now, how she had lost roles in the past because of her sister's famously neurotic pernicketiness. "They *hear* my sister is difficult," she said, cautiously. "My sister wants of anybody else the best that she would ask of herself. That's all." Then added: "It's not a fair position to be in."

She describes herself as a logical person who thinks before she speaks. She reads about psychic phenomena and stories of reincarnation. "It started grabbing my interest when I was on the road and searching for Roslyn Kind." She made it sound like someone else.

You're a bit of a New Ager?

"I *am* New Age."

You have crystals and things?

"I certainly do." She laughed, prettily. "I carry one with me all the time. I usually carry one on stage with me. I have a balancing disc that I lost somewhere in my travels."

What's that?

"If anything is ailing or you want more energy in a certain part of your body, you lay the copper side on it for a few moments and meditate. So, before I go on stage, I put it on my vocal chords while I'm holding my crystal and say affirmations."

I asked her if she envied Barbra's fame and millions. She did not answer directly but said, softly: "I'm very proud of my sister."

Are you content to perform for the sort of money you get?

"The money isn't so bad." Comparisons made with her sister's earnings were unfair. "Nor am I fighting to make in one night what she makes on one ticket. That's an untruth.

"I would like to be making some more. It would be unrealistic to say I want to do this at this level all my life. Obviously, you wanna grow. I don't think I need to be the monumental star that my sister is: she's lost a lot of privacy through it."

Do you wonder sometimes why she got so much and you did not?

"Some people are meant to make it. Their destinies are making it early. My destiny was maybe learning about myself as a person first before I could make it in any other way, or even find the right person in my life. I had to discover Roslyn Kind. I put a lot of years into that.

"I guess in a way I'm not totally a show business person. I'm a very real, everyday type person who loves to perform."

But you could have avoided all this...

"By not going into the business? Should I deny myself what I love doing most? I enjoy performing. I also know what is right for me. I will stay in."

Isn't there a point where one is just being obstinate?

"There are times I've thrown my hands in the air and said 'enough is enough'. But the moments I've done that, some kind of project comes through. The universe is telling me, 'Ros, don't stop'. Because you'll never know that it was a week away if you stop now."

Where would you like to get to?

"To the level where people appreciate my talent and come out looking for me, instead of me fighting so hard to be seen and to be accepted. I love to sing, I love to perform, and I would love to do it one day with my sister and share a stage just for one day."

Would she agree to that?

"Maybe."

What's in a game?

Michael Thompson-Noel

I was passing through the green room the other evening when Miss Lee, my executive assistant, caught sight of me and smiled to herself. She was wearing the sort of Japanese designer gear (Yakomoto? Kamikaze?) that shows a great deal of flesh – the hips, for example, and the area below the collar-bone, and the sides and lower back – yet costs a preposterous sum, at least if you are paying in dollars.

Miss Lee said: "There was a flurry of action today, Michael. The score is mounting hugely. We have 473 in the red folder and 322 in the blue."

I knew what she was talking about. Two weeks ago, burdened by compressing what I had to say into the molecular dimensions of this column, I appeared to indicate that I thought that a light-year was a unit of time, rather than a unit of distance.

This slip triggered an avalanche of compassion, mainly from readers in the furthest-flung places – Switzerland, especially. They were convinced, to a man, that I did not really *believe* that a light-year was a unit of time, and that the error must have crept in because of a warp in the fragment of space-time which I and my brain were transversing at that particular moment.

Faxes and letters poured in. Typical was the fax from Kevan Pegley of Haslemere, Surrey. "How," he asked, "could a man of your ..." – I'll delete his next four words, which were deeply and movingly flattering – "... have fallen prey to such a common blunder? A light-year is a unit not of time but of distance: it is the distance travelled by light, at the speed of very approximately 186,000 miles per second, in one year. It is, therefore, very approximately 5.9×10^{12} miles."

Miss Lee has spent the last fortnight collating these faxes and letters with the zeal you would expect of a Thatcherite Yorkshirewoman whose self-esteem has been buttressed by large purchases of

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Japanese designer gear.

"Yes," said Miss Lee, as I passed through the green room. "We now have 473 light-year faxes in the red folder and 322 light-year letters in the blue folder. It is wonderfully *exciting* – far better than the World Cup.

"Michael, why does the World Cup last so long? What are they *doing?* If it hadn't been for the World Cup you would not have been lured into musing about the possibility of there being, somewhere in the galaxy, a Milky Way World Cup for soccer-playing planets, which is how you stumbled into your light-year error in the first place. Soccer is hideous. It's just groups of hairy men rolling on the ground and being given red and blue cards."

I said: "Red and *yellow* cards."

Miss Lee said: "Be that as it may. What the world needs most is a completely new game. The old ones are boring. I believe I read last year – probably *Vanity Fair* – that the man who founded Nike – can't remember his name – I expect he had a beard – had been told by someone in Hollywood that sports were now a bigger business worldwide than the entertainment business, and that this man – the one who founded Nike – had set himself the target of inventing a new game."

"Why?"

"Well, it would appear, Michael, that this man at Nike shares my opinion – namely, that all sports at present, particularly those with balls – soccer, tennis, badminton – are fundamentally silly. We need a new game. A game that women can watch, which means games that do not involve groups of greasy men throwing or striking a ball and rolling about on the ground."

I said: "Badminton is played with a shuttlecock."

I left Miss Lee's presence and returned to the dining room, where I have been watching the World Cup on the smaller of our screens. But I could not concentrate. Miss Lee, I thought, was right. We need a new game.

Recently I have played some tennis with Norman Lamont, the former UK chancellor. Norman is a *naturally-gifted ball player*. But the thought crossed my mind as the *ball sped to and fro* that tennis, after all, is astonishingly silly. Soccer is silly. Rugby is ugly *and* silly.

We need a new game. I shall spend most of next week thinking about this game. In the meantime, faxes and letters continue to swell Miss Lee's bulging folders. Who would have thought that a tiny light-year error could have produced a crusade to find a new game so as to drain the mire of silliness in which the world is bogged.